



**SANTA MARIA PUBLIC AIRPORT DISTRICT  
BOARD OF DIRECTORS**

**Thursday  
December 9, 2021**

**Virtual Meeting  
Zoom Meeting: [Zoom.us](https://zoom.us)  
Meeting ID: [820 6332 8775](https://zoom.us/j/82063328775)  
Meeting Password: 3217  
7:00 P.M.**

**REGULAR MEETING  
A G E N D A**

*This agenda is prepared and posted pursuant to the requirements of the California Government Code Section 54954.2. By listing a topic on this agenda, the Santa Maria Public Airport District has expressed its intent to discuss and act on each item. The Santa Maria Public Airport District welcomes orderly participation at its meetings from all members of the public. This includes assistance under the Americans with Disabilities Act to provide an equally effective opportunity for individuals with a disability to participate in and benefit from District activities. To request assistance with disability accommodation, please call (805) 922-1726. Notification at least 48 hours prior to the meeting would enable the Santa Maria Public Airport District to make reasonable arrangements to ensure accessibility to this meeting.*

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL: Brown, Engel, Rafferty, Adams, Baskett**

- 1. ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS-ELECTION OF OFFICERS PURSUANT TO ARTICLE 1, SECTION 5, OF THE OFFICIAL ADMINISTRATIVE CODE OF THE DISTRICT.**
- 2. APPOINTMENT OF MEMBERS TO COMMITTEES AND ASSIGNMENT TO LIAISON POSITIONS.**
- 3. MINUTES OF THE REGULAR MEETING HELD November 10, 2021.**
- 4. COMMITTEE REPORT(S):**
  - a) AVIATION SUPPORT & PLANNING (Standing or Ad Hoc)**
  - b) ADMINISTRATION & FINANCIAL (Standing or Ad Hoc)**
  - c) MARKETING & PROMOTIONS (Standing or Ad Hoc)**
  - d) CITY & COUNTY LIAISON**
  - e) STATE & FEDERAL LIAISON**
  - f) VANDENBERG LIAISON**
  - g) BUSINESS PARK COMMITTEE (Ad Hoc)**
- 5. GENERAL MANAGER'S REPORT**

**6. MANAGER OF FINANCE & ADMINISTRATION REPORT**

**a) Demand Register**

**7. DISTRICT COUNSEL’S REPORT. (Joshua George and Natalie Frye Laacke)**

- 8. PUBLIC SESSION:** Statements from the public will be heard during public session. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public may use the “raise hand” feature to be put in a speaking queue. Public comment will be limited to three (3) minutes. If a speaker continues speaking after being notified of the end of their public comment period, the meeting Host will mute the speaker and move on to the next person in the queue.

**Please raise your hand in the following ways:**

**Telephone:** Press “\*9” to raise your hand and notify the meeting Host. You will be placed in the queue and unmuted, in order, so that you may provide public comment.

**Computer and Mobile:** Click the “raise hand” button to notify the Host. You will be placed in the queue and unmuted, in order, so that you may provide public comment.

- 9. RESOLUTION 904. A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR NEWSOM’S ORDER DATED MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT FOR THE PERIOD OF DECEMBER 9, 2021, TO JANUARY 8, 2022, PURSUANT TO BROWN ACT PROVISIONS.**
- 10. AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE EIGHTH AMENDMENT OF LEASE BETWEEN THE DISTRICT AND DENIS VELARDE AND CHARMAINE VELARDE.**
- 11. AUTHORIZATION FOR TWO STAFF MEMBERS AND TWO COMMUNITY MEMBERS TO ATTEND A HEADQUARTER MEETING WITH UNITED AIRLINES TO BE HELD JANUARY 13<sup>TH</sup>, 2022 IN CHICAGO, IL.**
- 12. AUTHORIZATION FOR TWO STAFF MEMBERS TO ATTEND THE MEAD & HUNT AIR SERVICE DEVELOPMENT CONFERENCE TO BE HELD MARCH 29<sup>TH</sup> THROUGH MARCH 31<sup>ST</sup>, 2022, IN MESA, AZ.**
- 13. AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE LEASE BETWEEN THE DISTRICT AND PLANES OF FAME AIR MUSEUM.**
- 14. AUTHORIZATION FOR THE PRESIDENT AND SECRETARY TO EXECUTE THE LEASE BETWEEN THE DISTRICT AND CUESTA INDUSTRIAL PROPERTIES, LLC.**
- 15. DISCUSSION AND DIRECTION TO STAFF REGARDING INSPECTION REPORT AT 4000 S. BLOSSER ROAD, SPACE 80.**
- 16. AUTHORIZATION FOR TWO STAFF MEMBERS TO ATTEND THE TYMCO SERVICE SCHOOL TO BE HELD FEBRUARY 22<sup>ND</sup> – 23<sup>RD</sup>, 2022, IN WACO, TX.**

17. **CLOSED SESSION.** The Board will hold a Closed Session to discuss the following item(s):
  - a) Conference with Real Property Negotiators (Chris Hastert, Tom Ross, and District Counsel) Re: APN 111-231-09, APN 111-231-11, AND APN 111-231-17 (Gov. Code Section 54956.8)
  - b) Conference with Legal Counsel-Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Section 54956.9-SMPAD v. Baskett, Santa Barbara Superior Court Case No. 20CV04444.
  - c) Conference with Legal Counsel-Existing Litigation pursuant to Paragraph (1) of subdivision (d) of Section 54956.9-Baskett v. SMPAD, Santa Barbara Superior Court Case No. 21CV04183.
  - d) Significant exposure to litigation pursuant to Gov. Code Section 54956.9(b): One Case
  - e) Conference with Real Property Negotiators (Chris Hastert and District Counsel) Re: 2989-B Airpark Drive (Gov. Code Section 54956.8)
18. **DIRECTORS' COMMENTS.**
19. **ADJOURNMENT.**



**2022 SMPAD BOARD OF DIRECTORS  
COMMITTEE AND LIAISON APPOINTMENTS**

**AVIATION SUPPORT & PLANNING (Standing or Ad Hoc)**

Directors

**ADMINISTRATION & FINANCIAL (Standing or Ad Hoc)**

Directors

**MARKETING & PROMOTIONS (Standing or Ad Hoc)**

Directors

**BUSINESS PARK (Standing or Ad Hoc)**

Directors

**CITY & COUNTY LIAISON**

Directors

**STATE & FEDERAL LIAISON**

Directors

**VANDENBERG LIAISON**

Directors

MINUTES OF THE SPECIAL BOARD  
MEETING OF THE BOARD OF DIRECTORS  
OF THE SANTA MARIA PUBLIC AIRPORT  
DISTRICT HELD NOVEMBER 10, 2021

The Board of Directors of the Santa Maria Public Airport District held a Special Meeting via a virtual meeting at 9:00 a.m. Present were Directors Brown, Engel, Rafferty, Adams and Baskett. General Manager Hastert, Manager of Finance & Administration Reade, and District Counsel Frye Laacke.

1. MINUTES OF THE REGULAR MEETING HELD October 28, 2021. Director Baskett made a Motion to approve the minutes of the regular meeting held October 28, 2021. Director Rafferty Seconded and it was carried by the following roll call vote. Directors Brown, Engel, Rafferty, Adams and Baskett voted "Yes".
2. COMMITTEE REPORT(S):
  - a) AVIATION SUPPORT & PLANNING (Standing or Ad Hoc) – The committee met to discuss the main hangar with a member from the Civil Air Patrol.
  - b) ADMINISTRATION & FINANCIAL (Standing or Ad Hoc) – No meeting scheduled.
  - c) MARKETING & PROMOTIONS (Standing or Ad Hoc) – No meeting scheduled.
  - d) CITY & COUNTY LIAISON – No meeting scheduled.
  - e) STATE & FEDERAL LIAISON – No meeting scheduled.
  - f) VANDENBERG LIAISON – No meeting scheduled.
  - g) BUSINESS PARK COMMITTEE (Ad Hoc) – No meeting scheduled.
3. GENERAL MANAGER'S REPORT. Mr. Hastert had nothing to report.
4. The Manager of Finance & Administration presented the Demand Register to the Board for review and approval.
  - a) Demand Register. The Demand Register, covering warrants 069623 through 069678 in the amount of \$453,338.95 was recommended for approval as presented. Director Baskett made a Motion to accept the Demand Register as presented. Director Rafferty Seconded and it was carried by the following roll call vote. Directors Brown, Engel, Rafferty, Adams and Baskett voted "Yes".
5. DISTRICT COUNSEL'S REPORT. Nothing to report.
6. PUBLIC SESSION: Statements from the public will be heard during public session. Requests requiring board action will be referred to staff and brought on the next appropriate agenda. Members of the public may use the "raise hand" feature to be put in a speaking queue. Public comment will be limited to three (3) minutes. If a speaker continues speaking after being notified of the end of their public comment period, the meeting Host will mute the speaker and move on to the next person in the queue.

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No one requested to speak.

7. Resolution 903. A Resolution of the Board of Directors of the Santa Maria Public Airport District proclaiming a local emergency, ratifying the proclamation of a state of emergency by Governor Newsom’s order dated March 4, 2020, and authorizing remote teleconference meetings of the legislative bodies of the Santa Maria Public Airport District for the period of November 10, 2021, to December 10, 2021, pursuant to Brown Act provisions. Director Rafferty made a Motion to approve. Director Engel Seconded and it was carried by the following roll call vote. Directors Brown, Engel, Rafferty, Adams, and Baskett voted “Yes”.
8. Authorization for the President and Secretary to execute the Twenty Fourth Amendment of lease between the District and CJJ Farming. Director Rafferty made a Motion to approve. Director Adams Seconded and it was carried by the following roll call vote. Directors Brown, Engel, Rafferty, Adams, and Baskett voted “Yes”.
9. Authorization for the award of the Runway 20 Displaced Threshold Relocation to Cal Stripe, Inc. and for the President and Secretary to execute the contract between the District and Cal Stripe, Inc. for the Runway 20 Displaced Threshold Relocation subject to District Counsel’s review of insurance and bonds. Director Rafferty made a Motion to approve. Director Adams Seconded and it was carried by the following roll call vote. Directors Brown, Engel, Rafferty, Adams, and Baskett voted “Yes”.
10. Authorization for the President and Secretary to execute the Building Space Lease between the District and Douglas R. Faner, an individual, dba FanAir USA. Director Rafferty made a Motion to approve. Director Adams Seconded and it was carried by the following roll call vote. Directors Brown, Engel, Rafferty, Adams, and Baskett voted “Yes”.
11. DIRECTORS’ COMMENTS: Directors Engel, Rafferty, and Adams had no comment.  
  
Director Baskett asked for an update on Customs.  
  
Director Brown stated that a decision needs to be made soon regarding the main hangar.
12. ADJOURNMENT. President Brown asked for a Motion to adjourn to a Regular Meeting to be held on November 25, 2021, at 7:00 p.m. via a virtual meeting. Director Adams made that Motion, Director Rafferty Seconded and it was carried by the following roll call vote. Directors Brown, Engel, Rafferty, Adams and Baskett voted “Yes”.

## ORDER OF ADJOURNMENT

This Special Meeting of the Board of Directors of the Santa Maria Public Airport District is hereby adjourned at 9:16 a.m. on November 10, 2021.

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Steve Brown, President

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Hugh Rafferty, Secretary

**2021-2022**

**DEMAND REGISTER  
SANTA MARIA PUBLIC AIRPORT DISTRICT**

Full consideration has been received by the Santa Maria Public Airport District for each demand, numbers 069679 to 069738 and electronic payments on Pacific Premier Bank and in the total amount of \$308,962.11

\_\_\_\_\_  
CHRIS HASTERT  
GENERAL MANAGER

\_\_\_\_\_  
DATE

The undersigned certifies that the attached register of audited demands of the Santa Maria Public Airport District for each demand, numbers 069679 to 069738 and electronic payments on Pacific Premier Bank in the total amount of \$308,962.11 has been approved as being in conformity with the budget approved by the Santa Maria Public Airport District and funds are available for their payment.

\_\_\_\_\_  
VERONEKA READE  
MANAGER OF FINANCE AND ADMINISTRATION

\_\_\_\_\_  
DATE

THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT APPROVED PAYMENT OF THE ATTACHED WARRANTS AT THE MEETING OF DECEMBER 9, 2021.

\_\_\_\_\_  
HUGH RAFFERTY  
SECRETARY



**Santa Maria Public Airport District****Demand Register**

Check Number	Check Date	Vendor Name	Check Amount	Description
* 069679	11/17/2021	Adamski Moroski	\$8,081.32	Legal Counsel Services
* 069680	11/17/2021	Armstrong's Lock and Key	\$999.63	Fencing and Gates
* 069681	11/17/2021	AT&T	\$90.36	Telephone Service
* 069682	11/17/2021	CARR'S BOOT SHOP	\$172.90	Safety Equipment - Shop
* 069683	11/17/2021	City of Guadalupe	\$25,788.51	Security Service/LEO September 2021
* 069684	11/17/2021	City of Santa Maria	\$431.48	Construction Meter Fees
* 069685	11/17/2021	Clark Pest Control	\$3,004.00	Weed/Vector Control
* 069686	11/17/2021	Comcast	\$1,235.68	Cable/Internet/Digital Voice
* 069687	11/17/2021	Comcast Business	\$2,205.77	Internet Service
* 069688	11/17/2021	De Lage Landen	\$102.18	Copier
* 069689	11/17/2021	Fastenal Company	\$51.47	Small Parts
* 069690	11/17/2021	Fence Factory	\$89.10	Maintenance - Drainage
* 069691	11/17/2021	Ferguson Enterprises, Inc.	\$599.76	Build. Maintenance - Terminal
* 069692	11/17/2021	Frontier Communications	\$196.27	Telephone Service
* 069693	11/17/2021	J.D. Humann Landscape Contr.	\$5,143.61	Landscaping - Terminal
* 069694	11/17/2021	Mission Uniform Service	\$176.67	Uniform Service
* 069695	11/17/2021	Osborn, Carla	\$441.50	Medical Expense reimbursement
* 069696	11/17/2021	Pacific Telemanagement Services	\$230.92	Pay Phone Services - Terminal
* 069697	11/17/2021	Rafferty, Hugh - Reimbursement	\$72.80	SBCCSDA Meeting - Mileage Reimb.
* 069698	11/17/2021	RRM Design Group	\$12,301.25	SM Airport Business Park Plan Amend.
* 069699	11/17/2021	Santa Barbara Cnty Special District Assoc.	\$80.00	Special District Dinner Meeting
* 069700	11/17/2021	Sherwin-Williams	\$428.21	Build. Maint.- Hangar/Shop Supplies
* 069701	11/17/2021	S Lombardi & Assoc., Inc.	\$3,500.00	Airport Advertising
* 069702	11/17/2021	Smith's Alarms & Electronics Inc.	\$630.00	Fire Alarm Service
* 069703	11/17/2021	Tri-Counties Plant Service	\$275.00	Plant Service- Terminal
* 069704	11/17/2021	Trinity Landscape Center	\$112.17	Build. Maint. - Terminal
* 069705	11/17/2021	VTC Enterprises	\$70.00	Trash - Paper Recycling

**Santa Maria Public Airport District**

**Demand Register**

Check Number	Check Date	Vendor Name	Check Amount	Description
* 069706	11/17/2021	WageWorks	\$100.00	Cafeteria Plan - Admin Fee
* 069707	11/17/2021	HR Your Way, Inc.	\$1,122.00	HR Outsource
* 069708	11/30/2021	Adamski Moroski	\$12,966.00	Legal Counsel Service
* 069709	11/30/2021	Aflac	\$277.56	Voluntary Insurance - Employee
* 069710	11/30/2021	AT&T	\$157.89	Telephone Service
* 069711	11/30/2021	Bomar Security & Investigation	\$1,952.00	Security Service
* 069712	11/30/2021	City of Guadalupe	\$30,697.25	Security Service/LEO October 2021
* 069713	11/30/2021	City of Santa Maria-Util Div	\$6,414.03	Utilities - Water
* 069714	11/30/2021	Clark Pest Control	\$925.00	Weed/Vector Control
* 069715	11/30/2021	Coastline Equipment Company	\$752.90	Vehicle Maintenance
* 069716	11/30/2021	Fastenal Company	\$38.45	Building Maintenance - Admin
* 069717	11/30/2021	Frontier Communications	\$827.15	Telephone Service
* 069718	11/30/2021	Home Depot	\$572.71	Building Maintenance/Shop Supplies
* 069719	11/30/2021	J B Dewar, Inc	\$414.91	Diesel/Unleaded Fuel
* 069720	11/30/2021	Letters, Inc.	\$240.92	Car Wash
* 069721	11/30/2021	LSC Communications	\$64.69	Office Supplies
* 069722	11/30/2021	McMasters and Carr	\$615.65	Lighting - Landing Area
* 069723	11/30/2021	Mission Uniform Service	\$334.82	Uniform Service
* 069724	11/30/2021	Santa Maria Museum of Flight	\$4,000.00	Airport Advertising
* 069725	11/30/2021	Pathpoint	\$1,695.60	Airport Maintenance Service
* 069726	11/30/2021	Linde Gas&Equipment	\$240.27	Shop Supplies
* 069727	11/30/2021	Principal Financial Group	\$2,672.01	Dental, Life& Disability Insurance
* 069728	11/30/2021	San Luis Powerhouse	\$2,376.54	Generators - Annual Service
* 069729	11/30/2021	SCS Engineers	\$7,585.00	Drilling, Well Installation, Soil Sampling
* 069730	11/30/2021	Service Star	\$12,075.59	Janitorial Service
* 069731	11/30/2021	Smith's Alarms & Electronics Inc.	\$9,482.81	Build. Maintenance - Hangar Area
* 069732	11/30/2021	Verizon Wireless	\$2,961.29	Mobile Devices/Equipment Charges

**Santa Maria Public Airport District**

**Demand Register**

Check Number	Check Date	Vendor Name	Check Amount	Description
* 069733	11/30/2021	Max R	\$2,581.90	Liquid Disposal Unit
* 069734	11/30/2021	David & Barbara Doreo	\$250.00	Tenant Refund
* 069735	11/30/2021	Bruce Brooks	\$250.00	Tenant Refund
* 069736	11/30/2021	Joseph Hickox	\$250.00	Tenant Refund
* 069737	11/30/2021	Robert L. Marshall	\$648.00	Tenant Refund
* 069738	11/30/2021	Title Associates, LLC	\$60.00	Tenant Refund
Subtotal			<u>\$172,113.50</u>	
ACH	11/9/2021	PG&E	\$7,824.69	Terminal/Admin/Hangar Electricity
ACH	11/10/2021	Xerox	\$536.53	Copier
ACH	11/10/2021	Umpqua Bank	\$654.02	Credit Card Fees
ACH	11/10/2021	CalPers	\$5,629.92	Employee Retirement
ACH	11/12/2021	Paychex	\$26,413.29	Payroll
ACH	11/15/2021	PG&E	\$984.83	Terminal/Admin/Hangar Electricity
ACH	11/15/2021	Paychex	\$190.12	Paychex Invoice
ACH	11/15/2021	Pacific Premier Bank	\$165.26	Bank Fees - Analysis Activity
ACH	11/15/2021	Mass Mutual	\$4,547.14	Employee Paid Retirement
ACH	11/15/2021	Paychex	\$5,585.22	Payroll Taxes
ACH	11/15/2021	PG&E	\$8,244.40	Terminal/Admin/Hangar Electricity
ACH	11/15/2021	CalPers	\$13,218.25	Health Insurance
ACH	11/24/2021	CalPers	\$5,626.73	Employee Retirement
ACH	11/26/2021	Paychex	\$26,413.28	Payroll
ACH	11/26/2021	Mass Mutual	\$4,547.14	Employee Paid Retirement
ACH	11/30/2021	Paychex	\$190.12	Paychex Invoice
ACH	11/30/2021	Paychex	\$5,585.23	Payroll Taxes
ACH	11/30/2021	Umpqua Bank	\$6,644.37	Business Travel, Terminal Accessories

**Santa Maria Public Airport District**

**Demand Register**

Check Number	Check Date	Vendor Name	Check Amount	Description
ACH	12/2/2021	CalPers	\$12,931.83	Unfunded Liability
ACH	12/3/2021	Umpqua Bank	\$916.24	CC Fees
Subtotal			\$136,848.61	
Total			\$308,962.11	

## **RESOLUTION NO. 904**

### **A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT PROCLAIMING A LOCAL EMERGENCY, RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR NEWSOM'S ORDER DATED MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF THE SANTA MARIA PUBLIC AIRPORT DISTRICT FOR THE PERIOD OF DECEMBER 9, 2021 TO JANUARY 8, 2022 PURSUANT TO BROWN ACT PROVISIONS**

#### **Recitals**

WHEREAS, the SANTA MARIA PUBLIC AIRPORT DISTRICT ("District") is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings the District's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District's legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the District, specifically, the State of Emergency declared by Governor Newsom on March 4, 2020, due to COVID-19; and

WHEREAS, on September 5, 2021, the Santa Barbara County Health Officer issued Order 2021-10.4 requiring face coverings in all public indoor settings attributable to the rise in SARS-CoV-2 Delta Variant; and

WHEREAS, the Board of Directors does hereby find that the rise in SARS-CoV-2 Delta Variant has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to proclaim a local emergency exists and ratify the proclamation of state of emergency by the Governor of the State of California and the Santa Barbara County Health Officer's Order 2021-10.4; and

WHEREAS, as a consequence of the local emergency, the Board of Directors does hereby find that the legislative bodies of the District shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, the Board of Directors adopted virtual meeting protocols on April 9, 2020, which include options for public participation.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Santa Maria Public District, as follows:

1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.
2. Proclamation of Local Emergency. The Board hereby proclaims that a local emergency now exists throughout the District, and COVID-19 has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District.
3. Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.
4. Remote Teleconference Meetings. The General Manager and Staff of the District are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.
5. Effective Date of Resolution. This Resolution shall take effect on December 9, 2021 and shall be effective until the earlier of (i) January 8, 2022, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the District may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

**ADOPTED** by the Board of Directors of the Santa Maria Public Airport District on December 9, 2021, by the following roll call votes:

AYES:

NOES:

ABSENT:

ABSTAINED:

Dated: December 9, 2021

SANTA MARIA PUBLIC AIRPORT DISTRICT

Approved as to content for District:

\_\_\_\_\_

General Manager

By: \_\_\_\_\_

Steve Brown, President

Approved as to form for District:

By: \_\_\_\_\_

Hugh Rafferty, Secretary

\_\_\_\_\_

District Counsel

EIGHTH AMENDMENT OF LAND LEASE  
(Grazing Land Lease)

RE: Land Lease dated August 22, 2002 between SANTA MARIA PUBLIC AIRPORT DISTRICT and DENIS VELARDE AND CHARMAINE VELARDE covering 293 acres at Santa Maria Public Airport (the "Lease")

The undersigned SANTA MARIA PUBLIC AIRPORT DISTRICT ("District") and DENIS VELARDE AND CHARMAINE VELARDE ("Tenant") do hereby agree to amend the above-referenced Lease as of December 9, 2021, as follows:

1. Extension of Term. District grants Tenant a five (5) year extension of the Lease, commencing February 1, 2022, and expiring on January 31, 2027, unless sooner terminated. No options to extend are granted; any additional extension of this Lease shall be by mutual agreement of the parties only.

2. Leased Premises. District may upon ninety (90) days' notice reduce leased premises from original 293 acres as shown in Exhibit "A" to a new leased premises area consisting of 256 acres as shown in Exhibit "B" to facilitate construction of the Santa Maria Airport Business Park.

All of the terms, covenants, conditions, provisions and agreements of said Lease, as amended, shall remain in full force and effect.

Dated: December 9, 2021

SANTA MARIA PUBLIC AIRPORT DISTRICT

Approved as to content for District:

\_\_\_\_\_  
General Manager

By: \_\_\_\_\_  
Steve Brown, President

Approved as to form for District:

\_\_\_\_\_  
District Counsel

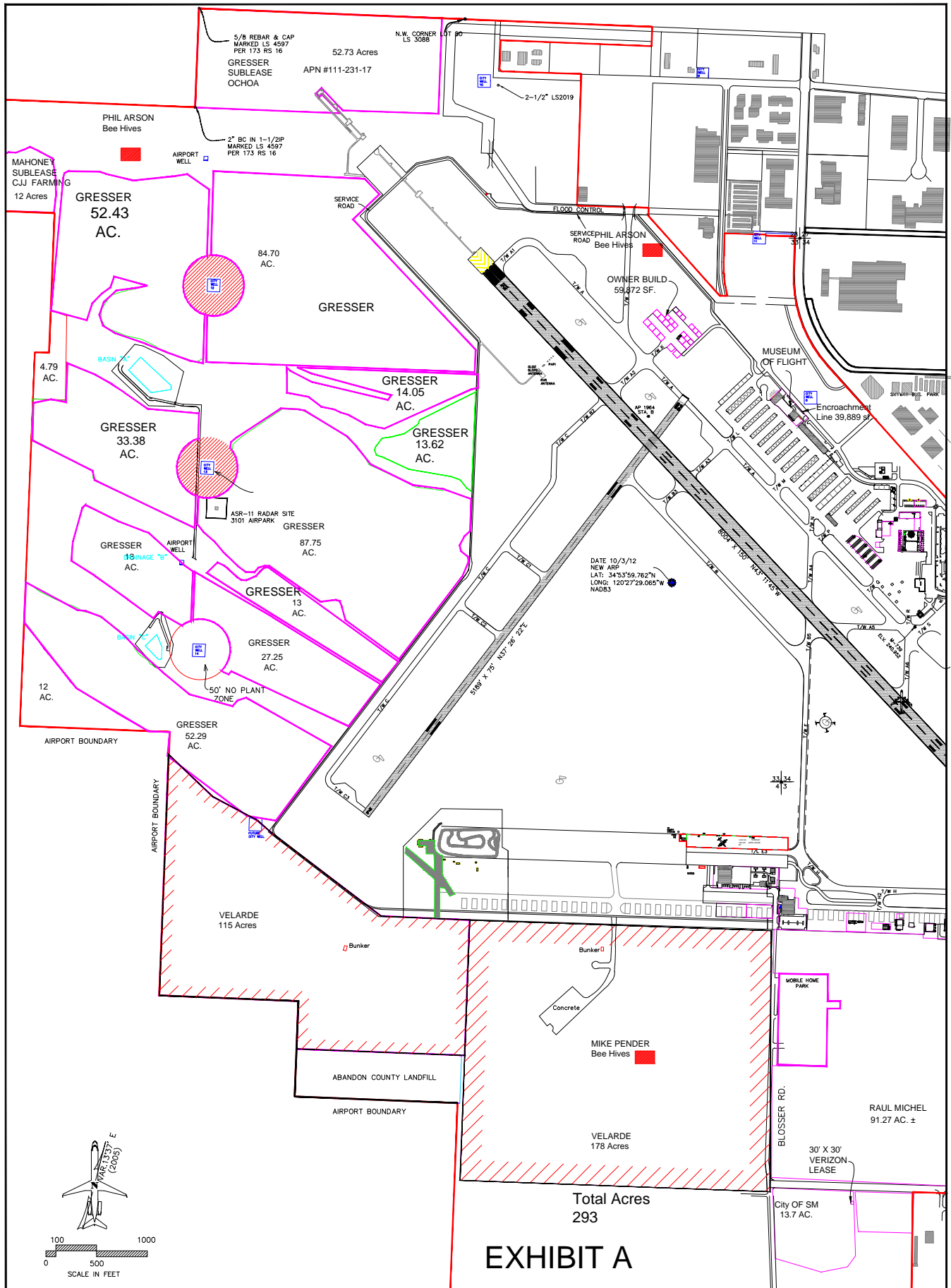
By: \_\_\_\_\_  
Hugh Rafferty, Secretary

TENANT:

\_\_\_\_\_  
Charmaine Velarde, Tenant

\_\_\_\_\_  
Denis Velarde, Tenant





# EXHIBIT A





December 9, 2021

Board of Directors  
Santa Maria Public Airport District  
3217 Terminal Drive  
Santa Maria, CA 93455

**Subject:** Authorization for two staff members and two community members to attend a headquarter meeting with united airlines to be held January 13th, 2022 in Chicago, IL.

**Summary**

This conference provides the Air Service Development Team the opportunity to meet with United Airlines.

**Budget**

		Attendees	Days	Rate	Total
Fees:	Registration	0		\$0.00	\$0.00
	Airfare	4		\$598.00	\$2,392.00
	Transportation			\$300.00	\$300.00
	Lodging	4	3	\$289.00	\$3,468.00
	Meals	4	3	\$60.00	\$720.00
	<b>Total:</b>				\$6,880.00

**Overall Impact:**

2021-2022 Budget for Business Travel	\$83,660.00
Previously Approved Business Travel	\$42,346.01
Current Balance for Business Travel	\$41,313.99
Amount of this Request	\$6,880.00
Balance Remaining if Approved	\$34,433.99

**Recommendation**

Staff recommends attending this Conference to enhance air service at the District.

Please let me know if you have any questions.

Sincerely,

Chris Hastert, CM  
General Manager



December 9, 2021

Board of Directors  
Santa Maria Public Airport District  
3217 Terminal Drive  
Santa Maria, CA 93455

**Subject:** Authorization for two staff members to attend the Mead & Hunt air service development conference to be held March 29<sup>th</sup> through March 31<sup>st</sup>, 2022, in Mesa, AZ.

**Summary**

This conference provides the Air Service Development Team the opportunity to meet with multiple airlines in one location.

**Budget**

		Attendees	Days	Rate	Total
Fees:	Registration	2		\$1,700.00	\$3,400.00
	Airfare	2		\$359.00	\$718.00
	Transportation			\$50.00	\$50.00
	Lodging	2	5	\$299.00	\$2,990.00
	Meals	2	5	\$60.00	\$600.00
	<b>Total:</b>				\$7,758.00

**Overall Impact:**

2021-2022 Budget for Business Travel	\$83,660.00
Previously Approved Business Travel	\$49,226.01
Current Balance for Business Travel	\$34,433.99
Amount of this Request	\$7,758.00
Balance Remaining if Approved	\$26,675.99

**Recommendation**

Staff recommends attending this Conference to enhance air service at the District.

Please let me know if you have any questions.

Sincerely,

Chris Hastert, CM  
General Manager

GROUND LEASE

Between

SANTA MARIA PUBLIC AIRPORT DISTRICT

And

PLANES OF FAME AIR MUSEUM  
a California Nonprofit Corporation

## GROUND LEASE

THIS GROUND LEASE (the “**Lease**”), dated January 1, 2022 (the “**Effective Date**,”) is made and executed by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California (herein called “**District**”) and Planes of Fame Air Museum, a California Nonprofit Corporation (herein called “**Planes of Fame**” or “**Lessee**”).

### Recitals

A. The District and Lessee entered into a Memorandum of Understanding (“**MOU**”) dated December 10, 2020, regarding approximately 22.7 acres, located on the Santa Maria Airport, Santa Maria, California, on a portion of Assessor’s Parcel Numbers: 111-231-11 and 111-231-19, as shown in the map attached hereto as Exhibit A (the “**Property**”).

B. Lessee desires to develop and construct a Museum facility (the “**Project**”) on that portion of the Property more particularly described in attached Exhibit B, and the District desires to lease a portion of the Property to Lessee for purposes of the Project.

C. Lessee desires to sublease a portion of the Property for aviation related activities (i.e. for profit commercial hangar).

NOW, THEREFORE, for and in consideration of the mutual covenants contained in this Lease, and other good and valuable consideration, the parties agree as follows:

### Agreement

1. Leased Property. District hereby leases to Lessee, and Lessee leases from District, for the term and rents, and upon the terms, conditions and covenants contained herein, the real property at the Santa Maria Public Airport (the “**Airport**”), comprising approximately 22.7 acres (the “**Estimated Rentable Area**”) of the Santa Maria Airport, Santa Maria, California, a portion of Assessor’s Parcel Numbers: 111-231-11 and 111-231-19, as legally described in the attached Exhibit B and shown in the map attached hereto as Exhibit B1 (the “**Leased Property**”) attached hereto and incorporated by this reference, subject to all existing and future easements, rights, encumbrances, rights-of-way, and matters of record.

a. The final Rentable Area of the Leased Property shall be determined and certified to District and Lessee in writing (the “**Square Footage Certificate**”) by District’s surveyor for the Leased Property and delivered to Lessee on or before the Effective Date (as hereinafter defined). Within fifteen (15) days of Lessee’s receipt of the Square Footage Certificate, Lessee shall have the right to have the Rentable Area of the Leased Property measured by a surveyor reasonably satisfactory to District. If the Rentable Area of the Leased Property, as determined by Lessee’s surveyor differs from the amount set forth in the Square Footage Certificate, Lessee shall notify District of such difference in writing. District shall have the right upon written notice to Lessee to dispute said surveyor’s determination, in which case District’s and Lessee’s surveyors shall, within ten (10) days after such written notice, mutually identify a third independent, qualified surveyor licensed in the State of California, and shall notify District and Lessee of the name, address and

telephone number of such third surveyor. Within ten (10) days from the selection of the third surveyor, the three (3) surveyors shall collectively determine the Rentable Area of the Leased Property and deliver their written determination thereof to District and Lessee, with the decision of two (2) of the three (3) surveyors controlling. Each party shall bear the cost of the surveyor selected by it, and the parties shall equally share the cost of the third surveyor selected as aforesaid. The determination of the three (3) surveyors (or 2 out of the 3) shall be final and binding upon District and Lessee as to the Rentable Area of the Leased Property. If the Rentable Area of the Leased Property, as set forth in the Square Footage Certificate, or as otherwise determined in accordance with the terms herein, differs from the amount set forth in this Section 1, District and Lessee shall enter into an amendment to this Lease, pursuant to which the Fixed Rent shall be adjusted, using the rental rates per square foot set forth in Section 4(a)(ii) below, to reflect the revised determination of the Rentable Area of the Leased Property. If Lessee does not elect to have the Leased Property remeasured in accordance with this Section 1, then the Rentable Area of the Leased Property shall be deemed to be as set forth in the Square Footage Certificate.

2. Lease Term.

a. Initial Lease Term. The term of this Lease shall be for a thirty (30) year period commencing on the earlier of January 1, 2025 or the date of the issuance of the Certificate of Occupancy (“**Commencement Date**”), and expiring, unless sooner terminated as hereinafter provided, at midnight thirty (30) years later (herein referred to as the “**Initial Lease Term**”, “**Initial Term**” or “**term of this lease**”).

b. Option Lease Term. Lessee shall, if not in default under this Lease, have the option, exercisable on the terms and conditions and in the manner hereinafter provided, to extend the term of this Lease from the expiration of the Initial Term for two (2) ten (10) year periods (each an “**Extended Term**”) on the same terms, covenants and conditions herein contained, except that the rent for each Extended Term shall be as provided below and except as otherwise specifically provided in this Lease. Any option to extend the Initial Term or any Extended Term shall be exercised only by Lessee delivering to District at least ninety (90) days prior to expiration of the Initial Term or any Extended Term, written notice of Lessee's election to extend the Initial Term or any Extended Term. Lessee's right to exercise the option is contingent upon the Lease being in effect and Lessee not being in default under the Lease at the time of giving notice and at the time such Extended Term is to begin.

Should Lessee fail to provide notice to District of Lessee's election to extend the Term, District shall provide notice to Lessee that the Lease will terminate at the end of the Initial Term. Lessee shall have 30 days from the date of the notice to provide notice to District that Lessee is exercising its option for the Extended Term, as long as Lessee is not in default under the terms of the Lease.

c. Right Of First Refusal. Lessee is hereby granted a right of first refusal to lease all or any portion of the Property once the Initial Term and all Extended Terms expire. The term of the Right of First Refusal (the “**ROFR Term**”) shall commence on the Option Termination Date and automatically expire ten (10) years later (the “**ROFR Termination Date**”).

3. Zoning, Preparation of Plans and Specifications for Improvements, Building Permits, and Construction Schedule

a. Zoning. Promptly after the Effective Date, Lessee shall take all reasonable and diligent efforts to obtain all zoning and land use entitlements necessary for the Project. The continued effectiveness of this Lease depends on: (1) approval by the parties and the appropriate government agencies of plans and specifications covering construction of the Improvements (as defined in Section 5(a)); (2) the issuance of all Building Permits (as defined in Section 3(d)) necessary for the Project; (3) agreement between the parties of a Construction Schedule (as defined in Section 3(e)); and (4) the ability of Lessee to demonstrate financial capacity to execute construction of the Improvements (i.e. fundraising capital campaign donor pledges, grants, museum reserves, etc.).

b. Preliminary Plans. The Project shall be developed in three phases (“**Phase I**”, “**Phase II**” and “**Phase III**”, respectively). Each Phase will consist of a minimum of one third of the total acreage. If more than the minimum percentage of acreage is developed in a Phase, then that percentage shall be credited to the next Phase to be developed. If a plan is proposed that is less than the one third of acreage required, then the District may waive the requirement of the minimum acreage at their sole discretion.

Lessee, at its expense, shall submit to the District a complete set of the “**Preliminary Plans**” for each Phase of the Project covering the exterior of all Improvements to be constructed at the Leased Property. The Preliminary Plans shall consist of plans, drawings, specifications, and other information showing in detail the Improvements that will be constructed including, without limitation, the following: (i) definitive exterior drawings and renderings of the buildings; (ii) location and types of exterior signs; (iii) dimensions for all exterior architectural and exterior design elements; and (iv) exterior landscaping. In the event Lessee has not submitted the Phase I Preliminary Plans to the District within 365 days following the Effective Date, then at any time thereafter until such time as Lessee has submitted the Preliminary Plans to the District, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

The District may review the Preliminary Plans for each Phase and shall within 30 days after receipt of the Preliminary Plans either approve them or deliver to Lessee the District’s specific objections to them. If the District fails to notify Lessee of Landlord’s disapproval within the required time period, the District shall be deemed to have given its approval. The District shall not unreasonably withhold its approval. If the District objects to all or part of the Preliminary Plans, Lessee shall deliver revised Preliminary Plans to the District within 45 days after receipt of the District’s objections. Within 30 days after receipt of the revisions, the District shall review the revised Preliminary Plans and shall notify Lessee in writing of any further revisions, additions, deletions, and information required by the District and the reasons therefor. The procedure set forth in this paragraph will be repeated until such Preliminary Plans are agreed on.

c. Final Plans. Lessee, at its sole cost and expense, shall cause to be prepared final plans and specifications and working drawings (“**Final Plans**”) for each Phase of the Project in conformance with the previously approved Preliminary Plans. Lessee’s Final Plans shall also include all required sublease area improvement drawings. Lessee shall deliver the Final Plans for each Phase to District no later than 180 days from the date of acceptance by District of the Preliminary Plans.



Within 30 days after receipt of the Final Plans for each Phase to be constructed, District shall either approve Lessee's Final Plans (which approval will be given if the Final Plans are in substantial conformance with the approved Preliminary Plans), or District shall set forth in writing with particularity any changes District considers necessary to bring the Final Plans into substantial conformance with the Preliminary Plans, in which latter event Lessee shall cause the Final Plans to be changed within 30 days following receipt of District's notification of required changes. If District fails to notify Lessee of District's disapproval of the Final Plans within the required time period, District shall be deemed to have given its approval. Within 30 days after receipt of the revised Final Plans, District shall review the revised Final Plans and either approve or disapprove them. If District fails to notify Lessee of District's disapproval within the required time period, District shall be deemed to have given its approval. The procedure set forth in this paragraph shall be repeated until the Final Plans are agreed on.

When Lessee's Final Plans are approved by the parties, they shall be signed and dated by the parties. The Final Plans shall be deemed to be part of this Lease as if set out in full in the body of this Lease and shall be construed to be the plans and specifications referred to wherever in this Lease reference is made to plans and specification, unless specifically provide otherwise. Any plans and specifications or subsequent changes to Lessee's Final Plans shall not constitute the Final Plans unless approved in writing by District. District's approval of the Final Plans shall not be deemed to certify that the Final Plans comply with building codes and other applicable Laws, and shall not relieve Lessee of Lessee's responsibility to verify all job conditions, including, without limitation, dimensions, locations, clearances, and property lines. "**Laws**" includes all statutes, cases, regulations, and ordinances, present and future, and all amendments thereto.

d. Building Permits for the Improvements. As soon as the parties approve the Final Plans for each Phase, Lessee, at its sole cost and expense, shall promptly apply to the appropriate government agencies for a building permit(s) and any other required permits and authorizations (collectively, "**Building Permits**") for construction of the Improvements pursuant to the Final Plans. Lessee shall diligently pursue the processing of such application(s). If the governmental agency shall reject the Final Plans and thus prevent the issuance of the required Building Permits, Lessee shall promptly make all necessary changes to Lessee's Final Plans required by the government agency, which changes must be approved by District, which approval shall not be unreasonably withheld or delayed. Lessee shall pay for all plan check and permit fees required to obtain the required Building Permits. In the event Lessee has not applied to the appropriate government agencies for the Phase I Building Permits within 540 days following the Effective Date, then at any time thereafter until such time as Lessee has applied for the Building Permits to the District, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

e. Construction Schedule. As soon as the Building Permits for each Phase are issued by the appropriate government agencies, Lessee and the District shall agree on a reasonable construction schedule, including a start and completion date for construction of all the Improvements included in the applicable Phase (the "**Construction Schedule**"). Upon receipt of the Building Permits, Lessee shall diligently and continuously proceed to complete construction of the Improvements pursuant to the agreed Construction Schedule. In the event Lessee (1) has not obtained a commitment from either (a) Leasehold Lender providing a construction loan for the construction

of Phase I Improvements or (b) proof of funds donated to complete the construction and/or (2) has not commenced construction of Phase I Improvements within 730 days following the Effective Date, then at any time thereafter until such time as Lessee has commenced construction, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder. The Construction Schedule shall also provide for Substantial Completion of the Phase 1 of the Project at or before three (3) years after the Effective Date. “**Substantial Completion**” shall mean when the Lessee obtains from the appropriate government agency or agencies a certificate of occupancy, or similar certificate or instrument, covering the Improvements constructed by Lessee. Lessee shall exercise good faith commercially reasonable efforts to satisfy the conditions set forth in this Section 3. Notwithstanding the foregoing, provided Lessee has timely commenced construction of the Improvements, and is diligently and continuously pursuing Substantial Completion of the Project, the District shall have no right to terminate the Lease.

In the event Lessee has not commenced construction of Phase II by the later of the date (a) 3 years following the Effective Date or (b) the completion of Phase I, or in the event Lessee fails to cause the Substantial Completion of Phase II with 3 years following the commencement of construction thereof, then at any time thereafter until such time as Lessee has commenced development efforts, the District shall have the ability to modify this Lease to remove a portion of the leased property equivalent to the percentage of acreage at minimum to be developed in the applicable phase, in which case the Lessee retains first right of refusal on the portion of property according to the terms the original lease agreement. The District shall notify the Lessee of their intent to modify the lease and give 90 day notice prior to lease modification. The Lessee shall have the right to appeal lease modification with justification of delays and revised Construction Schedule. The District may approve updated Construction Schedule at their sole discretion.

In the event Lessee has not commenced construction of Phase III by the later of the date (a) 6 years following the Effective Date or (b) the completion of Phase II, or in the event Lessee fails to cause the Substantial Completion of Phase III with 3 years following the commencement of construction thereof, then at any time thereafter until such time as Lessee has commenced development efforts, the District shall have the ability to modify this Lease to remove a portion of the leased property equivalent to the percentage of acreage at minimum to be developed in the applicable phase, in which case the Lessee retains first right of refusal on the portion of property according to the terms the original lease agreement. The District shall notify the Lessee of their intent to modify the lease and give 90 day notice prior to lease modification. The Lessee shall have the right to appeal lease modification with justification of delays and revised Construction Schedule. The District may approve updated Construction Schedule at their sole discretion.

4. Rent. During the term of this Lease, Lessee shall pay rent to District monthly, as set forth below:

a. Rent. Lessee shall pay to District as rent for the Leased Property:

(i) Initial Rent. FAA Airport Compliance Manual — Order 5190.6B states that a sponsor may charge reduced rental rates to aviation museums and aeronautical secondary and post-secondary education programs conducted by accredited education institutions to the extent that civil aviation receives reasonable tangible or intangible benefits from such use.

The rent shall be the sum of \$1.00 per year for the duration of the lease term, including all option periods. The Rent shall be payable for the period starting as of the Effective Date and continuing through any option periods until the termination of the lease.

The Lessee may sublease a portion of the Property for aviation uses. As Lessee/Sublessor shall be responsible for the cost and labor associated with entitlements for the Property to allow for the construction of Project which shall benefit the District, the initial rent shall be the sum of \$1.00 per year (the “**Initial Rent**”). The Initial Rent shall be payable for the period starting as of the Effective Date and continuing until the earlier of (x) Substantial Completion of construction of the Project and (y) the date that is three (3) years after the Effective Date (the “**Initial Rent Period**”).

(ii) Monthly Rent During First Five Years. Rent for the period after the Initial Rent Period until the five (5) year anniversary of the Commencement Date shall be a fixed sum of \$1 annually for Project and \$0.42 per sq. ft. annually or \$0.035 per sq. ft. per month for the subleased area (the “**Fixed Rent**”). calculated in accordance with the Santa Maria Public Airport District long term land lease policy attached as Exhibit C.

(iii) Partial CPI Adjustment of Monthly Rent During Second Five Years. Sublease area monthly rent for and during the sixth through tenth years of the term of this lease, will be an amount equal to the Fixed Rent adjusted upward but not downward in the percentage proportion that the Consumer Price Index, Los Angeles-Long Beach-Anaheim, All Items, 1982-84=100 base, All Urban Consumers (CPI-U) (the “**CPI Index**”) published by the United States Department of Labor, Bureau of Labor Statistics, or its successor in function, for the third month immediately preceding the beginning of the sixth year of this Lease shall be increased over the CPI Index for the third month preceding the Commencement Date of this Lease, not to exceed three percent (3%) CPI increase per year.

(iv) Monthly Rent for First Five Years of Each Decade After the First Decade Set By Appraisal. The term “**decade**” means each period of ten (10) years during the term of this Lease or any Extended Term. The “**first decade**” is the ten-year period beginning on the Commencement Date of the lease term; the “**second decade**” is the ten-year period beginning on the first day following the first decade, and so on. A new monthly rent for the subleased area shall be determined every ten (10) years by appraisal as hereinafter provided, including during any Extended Term. District shall select the appraiser. District shall pay the cost and expense of the appraisal. The rent payable monthly for and during the first five (5) years of each Extension Term shall be an amount obtained by multiplying (x) a decimal factor of .006667 by (y) the Fair Market Rent of the Leased Property determined by appraisal as of the one hundred twentieth (120th) day prior to the commencement date of the particular decade for which the new monthly rent is to be determined (the “**Valuation Date**”); provided, however, in no event shall the new monthly rent determined by appraisal exceed the monthly rent for the prior year by more than five percent (5%). The foregoing decimal factor of .006667 is a monthly capitalization rate applied to the Fair Market Rent of the Leased Property so as to yield an imputed annual return of 8% per annum on the Fair Market Rent of the Leased Property as appraised and is computed by the following formula: (need to add Discounts per lease policy once final negotiations are complete)

A/B	=	.006667
A	=	.08 (annual return of 8%)
B	=	12.0 (12 calendar months)

For the purposes of this Lease, “**Fair Market Rent**” shall be determined by District, in its reasonable, good faith discretion based upon: (A) the annual base rental rates then being charged in comparable Airport property for land only, as encumbered with easements and reservations, without taking into account the value of any improvements thereon, which comparison land is utilized in a manner comparable to the then-applicable utilization of the Leased Property; (B) for a lease term commencing on or about the commencement date of the applicable Extension Term and equal in duration to the applicable Extension Term; and (C) taking into consideration: (i) the geographic location of the Leased Property; (ii) the extent of services to be provided to the proposed lessee thereunder; (iii) applicable distinctions between “**gross**” and “**net**” leases; (iv) the creditworthiness and quality of Lessee; (v) leasing commissions; incentives being provided to lessee by lessors of comparable land in the geographic area in which the Leased Property is located; and (vi) any other relevant term or condition in making such evaluation, all as reasonably determined by District.

If Lessee does not concur with the Fair Market Rent as set by District's appraisal, and District and Lessee are unable to agree on a Fair Market Rent, then Lessee shall, within thirty (30) days after receipt of District's appraisal, have an appraisal conducted by an appraiser selected by and paid for by Lessee. If District does not concur with the Fair Market Rent as set by Lessee's appraisal, and District and Lessee are unable to concur on the Fair Market Rent of the Leased Property, then the Fair Market Rent, for purposes of this section, shall be the average of the two appraisals, subject to the provision that the rent shall not be less than the rent in effect prior to the appraisal.

Each appraiser shall certify that he/she has personally inspected the Leased Property and all properties used as comparisons, that he/she has no past, present or contemplated future interest in the Leased Property or any part thereof, that the compensation to be received by him/her from any source for making the appraisal is solely in accordance with this Lease, that he/she has followed the instructions as set forth in this Section 3 for valuing the Leased Property, that neither his/her employment to make the appraisal nor his/her compensation therefore is contingent upon reporting a predetermined value or a value within a predetermined range of values, that he/she has had at least seven (7) years full-time professional experience as a commercial real estate appraiser in the City of Santa Maria, including experience valuing properties within the aviation industry, that he/she is a member of the American Institute of Real Estate Appraisers or successor thereto or the Society of Real Estate Appraisers or successor thereto (or, if neither such institute nor society nor a successor is in existence, a disinterested real estate appraiser having appropriate qualifications to appraise commercial real estate), and that his/her appraisal was prepared in conformity with the standards of professional practice of the institute or society or successor thereto.

(v) CPI Adjustment of Monthly Rent in Second Five Year Period of Each Decade After First Decade. The sublease area monthly rent determined by appraisal for the first five (5) years of each decade of the term of this Lease, or any Extended Term, beginning with the second decade of the term of this Lease shall be adjusted upward but not downward, as

hereinafter provided, as of the first day of the sixth (6<sup>th</sup>) year of each decade, beginning in the second decade and the monthly rent so adjusted (herein sometimes referred to as the “**CPI Adjusted Base Rent**”) shall be the monthly rent payable for and during the remaining five (5) years of such decade. The CPI Adjusted Base Rent will be an amount equal to the monthly rent for the preceding five (5) years increased but not decreased in the percentage proportion that the CPI Index for the third calendar month immediately preceding the beginning of the sixth year of the decade in which the monthly rent is being adjusted shall be increased over the CPI Index for the first calendar month in which such decade begins, not to exceed three percent (3%) CPI increase per year.

(vi) CPI Index. If the CPI Index described in subsection 3(a)(ii) is changed or modified, the CPI Index issued or published by the United States Department of Labor most nearly answering the description of the CPI Index shall be used in making the CPI rent adjustments. If the CPI Index is calculated from a base different from the base year 1982-84=100, the base figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Department of Labor. If the CPI Index is no longer published or issued, the parties shall use such other index as is generally recognized and accepted for similar determinations of consumer purchasing power.

(vii) Payment. Rent is payable on or before the first day of each calendar month during the term without prior notice, demand, deduction or offset at District's office at 3217 Terminal Drive, Santa Maria, California 93455 or such other address as District may direct Lessee in writing.

b. Additional Rent. The rent shall be absolutely net to District. Lessee shall pay all costs, fees, taxes, liens, interest, insurance, charges, expenses, assessments, reimbursements, maintenance and obligations of every kind and nature whatsoever relating to the Leased Property or the improvements to be constructed thereon that may arise or become due during the term or any extended term of, or arising out of the provisions of, this Lease (“**Additional Rent**”). Notwithstanding the foregoing, District agrees to pay the following expenses: (a) any expenses expressly agreed to be paid by District in this Lease; (b) debt service and other payments with respect to any financing obtained by District, as evidenced by any mortgage, deed of trust, assignment of leases and rents, financing statement or other instruments, and secured by the interest of District in the Property; (c) expenses incurred by District to monitor and administer this Lease; (d) expenses incurred by District prior to the Commencement Date; and (e) expenses relating that are personal to the District. Lessee shall indemnify and save District harmless from and against Additional Rent. Should Lessee fail to pay any Additional Rent when due, District shall have all of the rights, powers and remedies provided for in this Lease in the event of nonpayment of rent or other event of default. District shall at all times have the right (at its sole election and without any obligation to do so) to advance on behalf of Lessee any amount payable under the terms hereof by Lessee, or to otherwise satisfy any of Lessee's obligations hereunder deemed necessary to protect the interests of District under this Lease. No advance by District shall operate, as a waiver of any of District's rights under this Lease and Lessee shall remain fully responsible for the performance of its obligations under this Lease. Any sums so paid by District shall constitute Additional Rent and shall be immediately due and payable from Lessee.

5. Construction by Lessee.

a. Conditions to Construction of Improvements. Lessee shall have the right to construct the Improvements on the Leased Property. **“Improvements”** shall mean and include all grading done on the Leased Property as well as all buildings, structures, fixtures, excavation, parking areas, walkways, drives, landscape areas, underground installations and all other improvements of whatsoever character constructed on, around, under or over the Leased Property by Lessee pursuant to this Lease and according to the Final Plans approved by District. All of such Improvements shall be constructed in accordance with the requirements of any and all laws, ordinances, regulations and governmental restrictions applicable thereto, including zoning requirements and building code requirements of the City of Santa Maria and any municipal or other governmental agency having jurisdiction over the Leased Property at the time said Improvements are constructed. All Improvements will comply with the District’s minimum investment level requirements (\$10,000 per acre per year). Lessee shall be entitled to receive credit against future development on any ROFR/Option Property for any investment that exceeds the minimum District requirements. Lessee shall have the right and privilege at all times during the term hereof to make such alterations, additions and Improvements to the Leased Property as it finds necessary or convenient for its purposes or to remove structures and Improvements theretofore constructed. Before Lessee begins construction of any Improvements on the Leased Property, Lessee shall have obtained (and delivered insurance certificates therefor to District) all insurance coverage required under Section 16 of this Lease, and shall give District fifteen (15) days prior written notice prior to the commencement of any and all construction at the Leased Property so that appropriate notices of non-responsibility may be posted and recorded by District. If during the term of this Lease the use, or continued use of the Leased Property by Lessee results in or otherwise requires the upgrade, renovation or improvement (collectively **“upgrades”**) of any portion of the Leased Property or the Improvements constructed thereupon, in order to conform with any new or amended governmental regulation, code or similar requirements, including by way of example and not limitation, potentially upgraded Americans With Disabilities Act (ADA) requirements, Lessee shall always be responsible for costs and expenses of such upgrades.

b. Completion of Improvements and Other Work: Compliance with Law and Quality. Lessee covenants that the Improvements to be constructed on the Leased Property, and all other construction thereon, when undertaken, while in progress and as completed, will comply with all laws and ordinances necessary to permit the development, completion and lease of the Leased Property pursuant to this Lease, and will comply in all material respects with the site plan approved by the District and all provisions of this Lease. All work performed on the Leased Property pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner. The interior architectural design and appearance and the interior Improvements and finish of each of the structures on the Leased Property shall not be subject to the review and approval of District.

c. Mechanic's, Materialman's, Contractor's, or Subcontractor's Liens.

(i) Subject to Lessee's right to contest as hereinafter provided, at all times during the Term of this Lease, Lessee shall keep the Leased Property, including all buildings

and Improvements now or hereafter located on the Leased Property, free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Leased Property. Lessee shall (1) promptly pay and discharge, or cause the Leased Property to be released from, any such lien or claim of lien, or, (2) if Lessee decides to contest said lien, furnish District such bond as may be required by law to free the Leased Property from the effect of such a lien and to secure District against payment of such lien, or provide District with other assurances with respect thereto which are satisfactory to District, in its good faith discretion.

(ii) Should Lessee fail to pay and discharge; or cause the Leased Property to be released from any such lien or claim of lien or to provide a bond or other assurance as permitted hereunder within thirty (30) days after service on Lessee by District of a written request to do so, District may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and in such manner as District may deem appropriate. In such event, Lessee shall, following any such payment by District, and after receiving not less than thirty (30) days' written notice and reasonable evidence of payment from District reimburse District for the full amount so paid by District, including any reasonable attorneys' fees or other costs expended by District, together with interest thereon at the legal rate from the date of payment by District to the date of Lessee's reimbursement of District, and such amount shall constitute additional Rent and become a part of Lessee's obligation to pay Rent hereunder.

d. Notice of Non-Responsibility. At least ten (10) days prior to initiation of any improvement, or delivery of any materials to the Leased Property, Lessee shall notify District of same. District shall have the right to post, and/or publish, and record a Notice of Non-responsibility.

e. Permits. Lessee shall procure and comply with all then applicable codes, ordinances, regulations and requirements for permits and approvals, including but not restricted to a grading permit, building permits, zoning, environmental and planning requirements, subdivision and parcel maps, and approvals from various governmental agencies and bodies having jurisdiction.

f. Builder's Risk Insurance. Prior to commencing construction, Lessee shall deliver to District certificate of insurance evidencing coverage for “**builder's risk**” and “**course of construction**” insurance on the Improvements then in place or under way, including coverage against collapse, vandalism and malicious mischief.

g. Soil & Environmental Conditions. District is not aware of any hazardous materials or contamination therefrom existing on the Leased Property as of the Effective Date and District has not received notice of any violations of any relevant environmental laws relating to the Leased Property. District has caused to be conducted, and delivered a copy to Lessee, a Phase I Environmental Site Assessment for the Property indicating the Property is free of any potential or existing hazardous material or contamination as of the Effective Date. Lessee may enter onto the land before the commencement date of the lease term to make surveys and soil and structural engineering tests that Lessee considers necessary. All such surveys and tests made by or on behalf of Lessee shall be at Lessee's sole expense, without liability or expense to District. Copies shall be

furnished to District upon request. Lessee is not a contractor nor is this lease a public works contract within the meaning Public Contract Code section 7104.

With respect to any and all Pre-existing Environmental Conditions (as hereinafter defined) discovered before or after the Effective Date, District, at its sole expense, shall conduct and complete all investigations, studies, samplings, and testing, and all remedial, removal, and other response actions necessary to clean up, remove and/or abate all hazardous materials on, from, or affecting the Property (i) in accordance with all then applicable federal, state and local laws, ordinances, rules, regulations, and policies, and (ii) in accordance with the orders and directives of all federal, state, and local governmental authorities. Alternatively, District may elect to request Lessee, at District's sole expense, to directly oversee the response contractor's work. **"Pre-existing Environmental Conditions"** means the presence of any hazardous materials existing as of the Effective Date in the air, soil, surface water or groundwater, and in, on and under any structure on the Property.

In the event that estimated expenses related to Pre-existing Environmental Conditions are extraordinarily expensive, as to create a hardship for the District, the District may decide not to conduct remedial actions to the extent in which it is legally allowed. The Lessee may elect to pursue response actions related to Pre-existing Environmental Conditions at the Lessee's sole expense and shall have the right to modify Preliminary Plans and/or Final Plans in response. The District and Lessee shall pursue solutions related to Pre-existing Environmental Conditions in good faith and do all things reasonably within their power that are necessary or desirable to give effect to the spirit and intent of this Agreement.

h. Diligence. Lessee shall with reasonable diligence prosecute to completion all construction of Improvements, additions or alterations. All work shall be performed in a good and workmanlike manner, shall substantially comply with plans and specifications submitted to District as required by this Lease, and shall comply with all applicable governmental permits, laws, ordinances and regulations.

6. Compliance with Laws. Lessee shall secure and maintain in force during the term of this Lease all licenses and permits necessary or required by law for the conduct of Lessee's operations. Lessee shall abide by and comply with, at Lessee's sole cost and expense, all applicable and valid laws, ordinances, statutes, rules, regulations and orders of federal, state and local governments and governmental agencies, including, but not limited to, any and all regulations concerning hazardous or toxic materials air and/or water quality, fire and/or occupational safety, and accessibility, which may apply to the conduct of Lessee's operations on the Leased Property, at Lessee's sole cost and expense.

Lessee shall observe, obey, abide by and pay all costs of compliance with any and all rules, regulations and operating procedures now in force or hereafter adopted by District with respect to the operation of the Airport.

Lessee agrees and understands that the rules, regulations, and operating procedures of the District shall be subject to change and/or additions from time to time, as determined by District.



7. Operating Standards. Lessee shall, at all times, conduct its operations and maintain the quality of its service in a manner satisfactory to the District. At a minimum, Lessee shall conduct its business in accordance with the following operating standards. Lessee shall:

a. Provide adequate supervision for its operations at the Airport and shall insure that all equipment is in good working order at all times;

b. Require its employees or agents to comply with the provisions of this Lease and these operating standards.

c. Perform all work and services promptly and in a workmanlike, professional and first-class manner in every respect.

d. Provide and keep current in the District's office a list of all employees who will be working at the Airport and their job titles and emergency phone numbers.

e. Furnish and keep adequate fire extinguishers in the required numbers on the Leased Property in accessible places; said fire extinguishers shall be charged and ready for immediate use as required by fire regulations and applicable laws or ordinances. If Lessee receives an inspection notice or a deficiency notice following an inspection by the Fire Department or District, or other applicable government agency, Lessee agrees to make any and all corrections immediately in the time and manner required by the Fire Department or District, but in no event later than five (5) days after receipt of the notice.

f. Be available at all times, on call or otherwise, at the Airport, through its designated employees which are authorized to bind Lessee in all matters concerning Lessee's operations at the Airport.

g. Have and arrange for any and all inspections of the Leased Property and operations thereon by governmental agencies as are required by law, regulations or ordinances.

8. Uses of the Leased Property.

a. Lessee covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Lessee, that during development and use of the Leased Property pursuant to this Lease, neither the Leased Property nor any portion thereof shall be improved, used or occupied in violation of any laws, statutes, official policies, ordinances, or codes of any governmental entity, agency or political subdivision.

b. Lessee shall have the right to use the Leased Property as an Aviation Museum promoting civil aviation and associated for profit Aviation Business which is then a legally permitted use of the Leased Property. Additional uses may include but are not limited to; event venue (i.e. weddings, concerts, car shows, etc.), restaurant and/or café, RV parking and/or camping, film/photography, and other uses in support of the museum. Lessee hereby acknowledges that neither District nor any of their agents or employees have made any

representations to Lessee regarding Lessee's proposed use of the Leased Property or any particular portion thereof. By signing this Lease, Lessee also acknowledges that Lessee has sufficient opportunity to make all relevant inquiry to sources other than the District, their agents or employees, with respect to any proposed use of the Leased Property or any portion thereof. District makes no representation or warranty as to the suitability of the Leased Property for the designated uses.

c. **Specific Prohibited Uses.** Tenant shall not use or permit use of the Premises, or any portions thereof, for any of the following purposes:

- (i) Sale of gasoline or other fuels.
- (ii) Use any portion of the Premises contrary to or in violation of the directives, rules or regulations of the District as they exist now or in the future.
- (iii) Store on the Premises any property or articles, or conduct any activities or operations which are not directly related or incident to the permitted uses in paragraph 8(b) of this Lease.
- (iv) Store any flammable liquids or substances or explosives within the building, except for aviation fuel in parked aircraft, and properly stored supplies incidental to the business.
- (v) Use or locate on the Premises any material which would cause sunlight to be reflected toward an aircraft on initial climb or final approach.
- (vi) Any use, activity or improvement which will generate smoke affecting aircraft visibility or attract large concentrations of birds or which may otherwise affect safe air navigation.
- (vii) Any use or activity which would direct steady or flashing lights at aircraft during initial climb or final approach or otherwise interfere with or create a hazard to the operation of the Airport.
- (viii) Locate, erect or construct any structure, which penetrates any FAR part 77 (Objects affecting Navigable Airspace) imaginary surfaces.
- (ix) Spray painting within the building using flammable paints or liquids without proper, approved suppression and protection equipment or in a manner which is prohibited by any applicable law, ordinance or governmental order or regulation or in a manner that does not meet the requirements of District's fire and liability insurance carriers.

9. **Security.** District shall have no obligation to provide additional security that is greater than the normal operations of the Airport or lighting for the Leased Property.

10. Maintenance.

a. Lessee's Duty to Maintain. Lessee shall, at Lessee's sole cost and expense, keep and maintain the Leased Property and all alterations, additions and improvements on the Leased Property in good, safe, sanitary and clean order, condition and repair at all times in accordance with all applicable laws, rules, ordinances, orders and regulations of any governmental agency or body having jurisdiction. Lessee waives all rights to make repairs at the expense of District. Lessee shall keep the Leased Property, at Lessee's expense, clean and free from litter, garbage, refuse and debris at all times. Lessee shall take reasonable measures to protect the Leased Property and airport from infestation of birds, insects, rodents and other pests. Lessee shall maintain all landscaping at all times. Lessee shall comply with all reasonable orders and instructions of District's General Manager in the use of the Leased Property, which the General Manager deems to be in the best interest of the District, the public or users of the Airport, or for their safety and welfare.

If Lessee fails to maintain or make repairs as required herein, District shall have the option, but not the obligation, of making necessary corrections after a reasonable written notice from District of its intent to do so and such failure shall continue for thirty (30) days after delivery of notice from District to Lessee. All costs incurred by District in making said corrections, including but not limited to the cost of labor, materials, equipment and administration, shall be Additional Rent, and Lessee shall pay the same within fifteen (15) days of receipt of a statement of District's costs. District may, at its option, choose other remedies available herein as allowed by law.

Nothing in this section defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove, or replace any improvement, or as limiting provisions relating to condemnation or to damage or destruction during the final years of the lease term. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this section shall entitle Lessee to any offset, abatement, or reduction in rent or to any termination or extension of the leased term.

b. Damage to and Destruction of Improvements. Except as provided below, Lessee shall promptly and diligently repair, restore, and replace as required to maintain in accordance with the immediately preceding paragraph, or to remedy all damage to or destruction of all or any part of the improvements on the Leased Property. The completed work of maintenance, compliance, repair, restoration or replacement shall be equal in value, quality, and use to the condition of the Improvements before the event giving rise to the work, valued as if the improvements had been maintained in accordance with the Lease. District shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Leased Property. District's election to perform any obligation of Lessee under this provision after Lessee's failure or refusal to do so shall not constitute a waiver or any right or remedy for Lessee's default. Lessee shall promptly reimburse, defend and indemnify District against all liability, loss, cost and expense arising from it.

c. Removal. Upon expiration or earlier termination of this Lease, Lessee shall remove its trade fixtures, equipment and other personal property from the Property, but shall not remove any structure, building, parking areas, walkways, drives, landscape areas, or underground

installations it constructed before or during the Term of the Lease. Lessee will leave the Property free and clear of any rubble and construction debris

11. Utilities. Except as provided in Section 21, District shall have no responsibility to provide water, utility service or extensions of any kind to the Leased Property, and any such water, utility service or extension by Lessee shall be at Lessee's sole cost and expense after consent by District.

12. Nuisance. Lessee shall not commit, or suffer or permit waste, excessive noise, obnoxious odors, excessive dust or any other nuisance on the Leased Property constituting an unreasonable interference with other District Lessees or persons using the Airport.

13. Taxes, Licenses. Lessee shall pay before delinquency any and all taxes, (including real property and possessory interest taxes, assessments, fees or charges) which may be imposed, levied or assessed upon any leasehold or possessory interests of Lessee, or Lessee's occupancy of the Leased Property, and personal property, structures, improvements or fixtures owned, controlled or installed by Lessee. Lessee acknowledges that by entering into this Lease, a possessory interest, subject to taxation, may be created. Lessee agrees to pay all such taxes. Lessee shall also secure and maintain in force during the term of this Lease all licenses and permits necessary or required by law for the conduct of Lessee's operations.

Lessee shall also promptly pay any taxes, licenses and fees which may, during the term, be levied or assessed on personal property or business property of Lessee located on said Leased Property or arising out of Lessee's storage or use of aviation fuels on the Leased Property or use or operation of the fuel facility. Lessee shall be solely responsible for the payment of any and all fees for petroleum products placed in the tanks at the Leased Property during the term of this Lease, including, but not limited to, any fees payable by an owner of an above-ground storage tank. Time is of the essence with regard to compliance with the terms of this paragraph, and failure to comply shall constitute a material breach of this Lease by Lessee.

14. Assumption of Risks/Acceptance of Property Condition. Lessee represents that Lessee has inspected the Leased Property and accepts the condition of the Leased Property and fully assumes all risks incidental to the use of the Leased Property. Except as expressly provided herein, District shall not be liable to Lessee's agents, employees, visitors, guests or invitees from any cause or condition whatsoever. District makes no warranty of the suitability of the Leased Property for the purpose contemplated by Lessee by entry hereunder or that the Leased Property are zoned for the uses permitted herein.

By entry hereunder and except as otherwise provided herein, Lessee accepts the Leased Property in its present condition and agrees on the last day of the term or sooner termination to immediately surrender to District the Leased Property in the same or better condition as when received, damage by acts of God or by the elements excepted, subject to the provisions of Section 5.

15. Indemnity. Lessee shall investigate, protect, defend (with counsel acceptable to District) indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the Leased Property (collectively “**District**”) at all times from and against any and all liability, proceedings, liens, actions, penalties, liabilities, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District may incur, sustain or be subjected to (collectively “**Liability or Loss**”) arising out of or in any way connected with: the acts or omissions of Lessee or its officers, agents, employees, guests, customers, licensees or invitees; or Lessee's operations on, or use or occupancy of, the Leased Property or the Santa Maria Public Airport. The foregoing indemnification excludes only liability, damages or loss caused by the sole active negligence of District or its willful misconduct. Lessee shall also indemnify and hold District harmless from and against any Liability or Loss, including third party claims, environmental requirements and environmental damages (as defined in Exhibit D, Hazardous Material Definitions) costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Leased Property or the improvements thereon or District's property or improvements in the vicinity of the Leased Property) of whatever kind or nature, which result from or are in any way connected with the release, receipt, handling, use, storage, accumulation, transportation, generation, discharge, or disposal (“**release, etc.**”) of any toxic or hazardous materials (defined in Exhibit D) which occurs in, on or about the Leased Property as the result of any of Lessee's or Lessee's agents, employees, invitees, licensees, guests, or Lessee's activities on the Leased Property, excluding therefrom the release, receipt, handling, use, storage, accumulation, transportation, generation, discharge, or disposal any Pre-existing Environmental Conditions unless caused by the negligence or willful misconduct of Lessee. Lessee shall notify District immediately of any “**release, etc.**” of any toxic or hazardous material on the Leased Property.

16. Insurance. Lessee shall secure and maintain, without cost to District, in full force and effect at all times during the term of this Lease, the following types and amounts of insurance:

a. General commercial liability insurance, including comprehensive general public liability, bodily injury liability, property damage liability, completed operations and products liability coverage and contractual liability with a combined single limit of liability of at least Two Million Dollars (\$2,000,000.00) for each accident or occurrence and with no more than a Three Thousand Dollars (\$3,000.00) deductible for each accident or occurrence.

b. Fire and extended coverage insurance, insuring District and Lessee, all Improvements located on or appurtenances to the Leased Property, against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial buildings and improvements, including vandalism and malicious mischief. The amount of the insurance shall be sufficient to prevent either District or Lessee from becoming a coinsurer under the provisions of the policies, but in no event shall the amount be less than [ninety percent (90%)] of the then actual replacement cost.

c. Workers' compensation insurance covering Lessee's employees, as required by law.

d. Automobile and mobile equipment liability insurance covering all vehicles and mobile equipment used by Lessee on the Leased Property providing bodily injury or death liability limits of not less than Three Hundred Thousand Dollars (\$300,000.00) for each person and Five Hundred Thousand Dollars (\$500,000.00) for each occurrence, and property damage liability with a single limit liability of not less than One Hundred Thousand Dollars (\$100,000.00) for each accident or occurrence.

e. Hangar keeper's liability insurance coverage with limits of not less than \$500,000 for any one accident or occurrence, with not more than \$1,000 deductible for each accident or occurrence.

The proceeds of these policies shall be deemed to be held in trust by the recipient for the repair, restoration or reconstruction of any improvements damaged or destroyed by the casualty giving rise to the insurance claim. If the proceeds exceed that measure, the balance of the proceeds shall be paid to Lessee.

District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District. All policies shall be issued by companies licensed to do business in California and having a Best's rating of "A". Lessee shall provide District with copies of all insurance certificates issued by the insurer, including in each instance an endorsement or certificate providing that such insurance shall not be canceled, or coverage reduced except after thirty (30) days' written notice to District and an endorsement insuring the contractual liability assumed by Lessee in the Indemnity paragraph of this Lease. The coverage, form and liability limits of all insurance may be increased at the option of District's Board of Directors after giving Lessee at least ninety (90) days' prior written notice.

All insurance policies shall contain language, to the extent obtainable, to the effect that (1) any loss shall be payable notwithstanding any act or negligence of District that might otherwise result in a forfeiture of the insurance, (2) the insurer waives the right of subrogation against District and against District's agents and representatives, and (3) the policies are primary and noncontributing with any insurance that may be carried by District. Not more often than every ten (10) years, the District may request that the minimum policy amounts be increased to reflect changed conditions, including, but not limited to, inflation or additional matters of liability.

Notwithstanding the foregoing, the insurance requirements of Section 16 shall be waived during the entitlement process. All insurance requirements, however, shall be in the full force and effect prior to the commencement of any physical alterations or construction to the Property.

17. Use of Hazardous Material. Lessee may not make any application of any pesticide, herbicide, rodenticide, fungicide or potentially hazardous material except under the direct supervision of a certified pest control operator, pest control applicator, or qualified applicator, whichever is appropriate to the material being applied and the process used to apply it. No hazardous material may be used on the Leased Property except by a person who is able to read and understand attached labels and precautions.

18. Federal Aviation Administration Rider Attached. The provisions of the FAA Rider attached hereto as Exhibit E, consisting of four pages, are incorporated herein and made a part hereof.

19. Right of Entry. District and authorized agents of District, County of Santa Barbara and City of Santa Maria, utility companies, and any public agencies having jurisdiction over the Leased Property or Lessee's operations shall have the right to enter the Leased Property upon reasonable prior notice (48 hours) to Lessee or by mutual agreement, for the purpose of inspecting the same, or to make repairs or for any reasonable purpose, and at any time in case of any emergency.

20. Termination.

a. Termination by District. Notwithstanding any other provisions contained in this Lease, District, in addition to any right of termination as a matter of law or any other right herein given to District, including but not limited to the termination rights included in Sections 3 and 21, may at its option cancel and terminate this Lease and agreement, by written notice thereof given to Lessee, upon or after the occurrence of any of the following events:

(i) Filing by or against Lessee of a voluntary or involuntary petition in bankruptcy or for reorganization unless the bankruptcy is dismissed within ninety (90) days of filing, or taking of Lessee's assets pursuant to a proceedings under the Federal Reorganization Act, or the adjudication of Lessee as a bankrupt, or the appointment of a receiver of Lessee's assets unless the receiver is removed within ninety (90) days of appointment, or divestiture of Lessee's assets or estate herein by operation of law or otherwise, or assignment by Lessee of its assets for the benefit of creditors.

(ii) The breach by Lessee or failure of Lessee to keep, observe or perform any of the covenants, conditions or provisions herein contained on the part of Lessee to be observed, kept or performed; provided, if Lessee fails to comply with any term, provision or covenant of this Lease, other than the payment of monthly rent, District shall provide Lessee with a notice of default and give Lessee such period to cure the default as provided herein:

(A) In the case of a default in the payment of Monthly Rent for a period of more than ten (10) days following the due date therefore, the District will give written notice of such default to Lessee and Lessee will have fifteen (15) days following receipt of such notice in which to cure such default.

(B) In the case of any other monetary default other than as specified in Section 20(b)(ii)(A), the District will give written notice of such default to Lessee and Lessee will have fifteen (15) days following receipt of such notice to cure such default.

(C) In the case of any default not described in Section 20(b)(ii)(A) or (B) above, the District will give written notice of such default to Lessee and Lessee will have thirty (30) days following receipt of such notice to cure the default or such longer period of time as

maybe reasonably required to cure such default as long as Lessee commences to cure the default within the thirty (30) day period and diligently proceeds to cure the default thereafter.

(iii) Dissolution or liquidation of Lessee of all or substantially all of its assets.

(iv) The transfer, in whole or in part, of Lessee's interest in this Lease or in the Leased Property, or any rights hereunder, by operation of law, whether by judgment, attachment, execution, process or proceeding of any court or any other means (other than as permitted by Section 23).

b. Termination by Lessee. Notwithstanding any other provisions contained in this Lease, in addition to any right of termination as a matter of law or any other right herein given Lessee, including but not limited to the termination rights included in Section 3 and 21, Lessee may at its option cancel and terminate this Lease and agreement, by written notice thereof given to the District, upon or after the occurrence of the following events:

(i) On or before the Commencement Date.

(ii) The failure of Lessee to receive all land use approvals and entitlements including, without limitation, Building Permits, necessary for the Project.

(iii) The failure of Lessee to obtain a commitment from donors, museum financial reserves, or a Leasehold Lender providing a construction loan for the construction of the Improvements on reasonably satisfactory terms and conditions, as determined by Lessee in its sole discretion.

21. Development Costs; Cooperation. Excluding (i) the costs of any biological assessments, permitting and mitigation measures, (ii) any off-site improvements, (iii) Pre-existing Environmental Conditions, (iv) water well removal/relocation, Lessee shall bear all costs and expenses of development of the Leased Property, including, but not limited to, on-site improvements, removal of concrete and other pavement on the Leased Property, permits, fees, applications, environmental and plan review, subdivision or parcel map (if applicable), rezoning, general plan amendment, and review by the Santa Barbara County Airport Land Use Commission and/ or other governmental agencies. The District will fully cooperate and support Lessee in its discussions, interactions, and applications with the City of Santa Maria, the Santa Barbara County Airport Land Use Commission, and all other applicable agencies to accomplish the rezoning of the Property and the approval and completion of the Project. Lessee shall have full authority to act as the District's representative for all land use and zoning entitlements in connection with the Property and the Project, provided the District shall have final decision-making authority on all land use and zoning entitlement changes related to the Property.

a. Biological Assessments. Unless otherwise agreed by the parties, the District shall be responsible for all biological assessments, permitting, and mitigation measures necessary to achieve clearance from the appropriate agencies on all biological issues concerning the Property and the Project; provided, however, after the investigation of biological issues if the District, in its sole and absolute discretion, determines that the mitigation measures or similar



undertakings would be cost prohibitive, the District shall be allowed to terminate this Lease, unless Lessee elects to assume these costs.

b. Off-Site Development Costs. The parties shall work cooperatively with the City of Santa Maria to minimize off-site and adjacent street and infrastructure improvements to the extent possible and to enable viable development of the Property. The District and Lessee shall cooperate in fairly allocating required off-site development costs between the parties and phase the off-site development to ensure financially viable and expedient development of the Project. If the parties are unable to agree how to allocate the required off-site development costs, either party shall be allowed to terminate this Lease.

c. Right to Entitlements. Should Lessee terminate this Lease, all land use and zoning entitlements obtained by Lessee, or its agents, in connection with the Property and the Project, shall be assigned to the District at no cost.

d. Water Well. A water well located between the aprons on the Property will be removed/relocated within 365 days of the Effective Date. The parties shall work cooperatively with the City of Santa Maria to facilitate expedient removal of well, power lines and poles, and structures related to the well from the Property. Costs related to removal/relocation of the well will be at the District and/or City of Santa Maria's expense. Lessee's Construction Schedule shall be adjusted to compensate for any delays in the removal or relocation of the well.

22. Remedies on Default. In addition to any other remedy District may have under this Lease or by operation of law or in equity, District shall have the right, in the event of Lessee's nonpayment of rent required under this Lease or in the event of default of any of the terms or conditions of this Lease, subject to prior notice of default and right to cure, or if Lessee shall abandon or vacate the Leased Property, to do the following, cumulatively or in the alternative:

a. Re-entry After Termination. To terminate this Lease upon written notice to Lessee and re-enter the Leased Property and eject some or all persons, or none, and remove all property, other than District's property, from the Leased Property or any part of the Leased Property. Any property removed from the Leased Property upon re-entry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Lessee, and District shall have no liability therefore.

b. Re-entry Without Termination. Without terminating this Lease, District may re-enter the Leased Property at any time and from time to time re-let the Leased Property and the improvements thereon or any part or parts of them for the account of and in the name of Lessee or otherwise. District may at District's election eject some or all persons or none. In the event of re-letting, District shall be entitled to all rents from the use, operation or occupancy of the Leased Property or the improvements thereon, or both. Lessee hereby appoints District its attorney-in-fact for the purpose of such leasing. Lessee shall nevertheless pay to District on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus District's expenses, including but not limited to remodeling expenses, commissions and advertising costs, less the avails of any re-letting or attornment. No act by or on behalf of District under this provision shall constitute a termination of this Lease unless and until District gives Lessee written notice of termination.

c. Termination After Re-letting. Even though District may have re-let the Leased Property, District may thereafter elect to terminate this Lease and all of Lessee's rights in or to the Leased Property.

d. Lessee's Personal Property. After entry or taking possession of the Leased Property, District may, at District's election, use Lessee's personal property and trade fixtures or any of such property or fixtures without compensation or store them for the account of and at the cost and risk of Lessee or owners thereof. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

e. Assignment of Subrents. Lessee assigns to District all subrents and other sums falling due from sublessees, licensees and concessionaires up to the amounts due District under this Lease (herein called "**sublessees**") during any period in which District has the right under this Lease, whether exercised or not, to re-enter the Leased Property for Lessee default, and Lessee shall not have any right to such sums during the period. District may, at District's election, re-enter the Leased Property and improvements with or without process of law without terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors.

f. Termination and Remedy in Damages. No waiver by District of a default by Lessee of any of the terms, covenants, conditions or provisions hereof to be kept, observed or performed shall be construed to be a waiver by District of any subsequent default. If Lessee breaches this Lease and abandons the property before the end of the term, or if its right to possession is terminated by District because of Lessee's breach of this Lease, this Lease terminates. On such termination, District may elect to recover the following damages from Lessee:

(i) The worth at the time of award of the unpaid rent, which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Lessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate District for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom; and

(v) At District's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California.

The “**worth at the time of award**” of the amounts referred to in subparagraphs (i) and (ii) above is computed by allowing interest at the maximum legal interest rate. The worth at the time of award of the amount referred to in subparagraph (iii) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

23. Assignment, Subletting and Encumbering.

a. Lessee shall not assign, transfer, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein or sublet the whole of the Leased Property without the prior written approval of District, which approval shall not be unreasonably withheld, conditioned or delayed. District reserves the right to refuse to approve any assignment, transfer, mortgage, encumbrance or sublease where the proposed use of the Leased Property is inconsistent with FAA or District policies or results in substantial additional risk to District. Any such assignment, mortgage, encumbrance, transfer or sublease without the prior written approval of District shall be void and, at the option of District, shall terminate this Lease. Any sale or transfer of at least fifty percent (50%) of the value of the assets of Lessee shall be deemed an assignment of Lessee's interest in this Lease. Approval shall not be given to any assignment unless all of the following conditions are satisfied:

i. Lessee is not in default under the provisions or conditions of this Lease on the effective date of the assignment, mortgage, encumbrance, transfer or sublease or concession;

ii. All Improvements have been completed;

iii. District shall be given written notice at least sixty (60) days prior to the effective date of any such assignment, etc. of the intention to assign Lessee's interests herein and the name of the intended assignee, such notice being referred to as “**Notice of Intended Assignment**”.

iv. Any assignee, mortgagee, transferee or sublessee must be, at the time of assignment, either an individual who is a resident of California or maintains an agent for service of process in the State of California, or a partnership or corporation or other entity either formed under the laws of California or qualified to do business in California, and having a resident agent for service of process.

v. The assignee, transferee or sublessee shall expressly assume in writing, signatures acknowledged, all of the covenants and conditions of this Lease on the part of Lessee to be observed and performed, in a form acceptable to District.

vi. Lessee may use its leasehold interest as security for any loans to the extent such use is permitted under this Lease. Lessor shall not be required to subject its fee estate and interest in the Property to the lien of any leasehold financing or mortgage sought or obtained by Lessee. Notwithstanding the above, any mortgage, deed of trust or other assignment of this

Lease to any Leasehold Lender as collateral security (defined below) will not be deemed a transfer or assignment.

b. Rights of Leasehold Lender.

i. Any lender providing financing to Lessee for Improvements to the Leased Property, shall be defined as a “**Leasehold Lender.**” If Lessee grants a leasehold mortgage or leasehold deed of trust (in either case, referred to herein, as a “**Leasehold Mortgage**”) to one or more Leasehold Lender, and written notice is given to the District to supply the District with such Leasehold Lender’s notice address (a “**Leasehold Financing Notice**”), then the District shall give notice of any Lessee default to each and any such Leasehold Lender, at the same time and in the same manner as any such notice is given to Lessee, and no such notice of default by the District shall be deemed to have been duly given to Lessee unless and until a copy thereof shall have been given to any such Leasehold Lender. Upon its receipt of any such default notice, any such Leasehold Lender shall have the right to perform or otherwise cure any such default on the part of Lessee, and the District shall accept performance by a Leasehold Lender of any covenant, condition or agreement on Lessee’s part to be performed hereunder with the same force and effect as though performed by Lessee, so long as such performance is made in accordance with the terms and provisions of this Lease and completed (i) in the case of any default in the payment of Monthly Rent or Additional Rent, within thirty (30) days following the last date provided for under the Lease for the Lessee to remedy or otherwise cure such default; or (ii) in the case of any other default not described in the immediately preceding clause (i), within thirty (30) days following the last date provided for under the Lease for the Lessee to remedy or otherwise cure such default.

ii. Notwithstanding the provisions of Section 23(b)(i) hereof, no default by Lessee shall be deemed to exist (1) as long as a Leasehold Lender, in good faith, shall have commenced or caused to be commenced to cure promptly the default and continuously prosecutes or causes to be prosecuted the same to completion with reasonable diligence and continuity, subject to force majeure, which for the purposes of this Section 23(b) shall include causes beyond the control of Lessee; or (2) if possession of the Leased Property or any part thereof is required in order to cure the default, Leasehold Lender shall have notified the District of its intention to institute foreclosure proceedings to obtain possession directly or through a receiver, and thereafter within thirty (30) days after the giving of such notice commences such foreclosure proceedings, prosecutes such proceedings with reasonable diligence and continuity (subject to force majeure) and, upon obtaining such possession, commences promptly to cure the default and prosecutes the same to completion with reasonable diligence and continuity (subject to force majeure); provided that the Leasehold Lender shall have delivered to the District, in writing, its agreement to take the action described in clause (1) or (2) herein and shall have assumed the obligation to cure the default (herein an “**Assumption Notice**”), and that during the period in which such action is being taken (and any foreclosure proceedings are pending), all of the other obligations of Lessee under this Lease are being duly performed (including, without limitation, payment of all Monthly Rent and Additional Rent due hereunder) within any applicable notice, grace or cure periods. Notwithstanding anything herein to the contrary, a Leasehold Lender shall have no obligation to cure any default of Lessee’s under Section 20(a) of this Lease, and if such Leasehold Lender delivers an Assumption Notice, any default on the part of Lessee under Section 20(a) will not affect or otherwise diminish or impair the rights of Leasehold Lender under this Lease.

iii. At any time after the delivery of any such Assumption Notice, the Leasehold Lender may notify the District, in writing, that it has relinquished possession of the Leased Property or that it will not institute foreclosure proceedings or, if such proceedings have been commenced, that it has discontinued them (in any case, a “**Rejection Notice**”), and, in such event, the Leasehold Lender shall have no further liability under such Assumption Notice from and after the date it delivers such Rejection Notice to the District (except for any obligations assumed by the Leasehold Lender and accruing prior to the date it delivers such Rejection Notice), and, thereupon, the District shall have the unrestricted right to terminate this Lease, subject to all of the other terms and conditions contained herein, and to take any other action it deems appropriate by reason of any default by Lessee, and upon any such termination the provisions of Section 23(b)(vi) shall apply.

iv. From and after the date upon which the District receives a Leasehold Financing Notice, it shall not modify or amend this Lease in any material respect or cancel or terminate this Lease other than as provided herein without the prior written consent of the Leasehold Lender(s) which gave such Leasehold Financing Notice.

v. Except as provided in Section 23(b)(ii), no Leasehold Lender shall become liable under the provisions of this Lease unless and until such time as it becomes the owner of the leasehold estate created hereby.

vi. In case of termination of this Lease by reason of any default or for any other reason, the District shall give prompt notice thereof to each Leasehold Lender identified in any Leasehold Financing Notice. The District, on written request of such Leasehold Lender made any time within thirty (30) days after the giving of such notice by the District, shall execute and deliver a new lease of the Leased Property to the Leasehold Lender, or its designee or nominee, for the remainder of the Term, upon all the covenants, conditions, limitations and agreements herein contained; provided that the Leasehold Lender shall pay to the District, simultaneously with the delivery of such new lease, all unpaid Monthly Rent and Additional Rent due under this Lease up to and including the date of the commencement of the term of such new lease.

vii. Any such new lease contemplated under Section 23(b)(vi) and the leasehold estate thereby created, subject to the same conditions contained in this Lease, shall continue to maintain the same priority as this Lease with regard to any other lien or encumbrance whether or not the same shall then be in existence.

viii. Upon the execution and delivery of a new lease under Section 23(b)(vi) any sublease which theretofore may have been assigned to the District thereupon shall be assigned and transferred, without recourse, by the District to the lessee named in such new lease. Between the date of termination of this Lease and the date of execution and delivery of the new lease, if a Leasehold Lender shall have requested such new lease as provided in Section 23(b)(vi) the District shall not enter into any new sublease, cancel or modify any then-existing sublease or accept any cancellation, termination or surrender thereof (unless such termination shall be effected as a matter of law on the termination of this Lease) without the written consent of the Leasehold Lender.

ix. If there is more than one Leasehold Mortgage, the District shall recognize only the Leasehold Lender whose Leasehold Mortgage is senior in lien as the Leasehold Lender entitled to the rights afforded hereunder.

x. From time to time upon written request by Lessee (or its lenders), District shall provide within ten (10) business days thereafter an estoppel certificate attesting, to the knowledge of District, of Lessee's compliance with the terms of this Lease or detailing any known issues of noncompliance.

24. Notices. All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and to Lessee at 14998 Cal Aero Drive, Chino, CA 91710. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

25. Attorneys' Fees. In the event either party commences any legal action or proceeding against the other party arising out of or in any way related to this Lease, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

26. Quitclaim. At the expiration or earlier termination of this Lease, Lessee shall execute, acknowledge and deliver to District within thirty (30) days after written demand from District to Lessee any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease.

27. Covenants and Conditions. Each term and each provision of this Lease performable by Lessee shall be construed to be both a covenant and a condition.

28. Time of Essence/Unavoidable Delay. Time is of the essence of each term, condition and provision of this Lease agreement. Notwithstanding the forgoing, in the event that any party is prevented from timely performing any obligation as a result of any delay or stoppage caused by acts of God, war, riot, civil insurrection, terrorism, soil settlement and/or consolidation, governmental regulations or controls, unavailability of materials or labor, epidemic, pandemic, public health crisis, stay at home orders, quarantine or other employee restrictions or other similar matters or similar causes beyond the reasonable control of the obligated party, excluding financial causes ("**Unavoidable Delay**"), the dates specified for performance of such obligation shall be extended by a period equal to the length of any Unavoidable Delay; provided that the affected party provides written notice to the other party within ten (10) business days of the occurrence of any event constituting an Unavoidable Delay.

29. Waiver. One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or

condition. District's consent to or approval of any act by Lessee requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent or similar act by Lessee. No act or thing done by District or District's employees or agents shall be deemed an acceptance of a surrender of the Leased Property, and no agreement to accept such surrender shall be valid unless in writing signed by District. No provision of this agreement shall be deemed to have been waived by District unless such waiver be in writing signed by District.

30. Subordinate to Specified Matters. This Lease and Lessee's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights-of-way, and encumbrances affecting the Leased Property now of record or hereafter granted, caused or suffered by District.

31. Captions. Captions appearing herein are for convenience of reference only and shall not govern the construction of this agreement.

32. Invalidity. If any provision of this Lease shall be held by a court of competent jurisdiction to be invalid, the remainder of this Lease shall continue in full force and effect and shall in no way be affected or invalidated thereby.

33. Integration. This Lease contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties to this Lease.

34. Binding Effect. This Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

35. Holding Over. Any holding over by Lessee after the expiration of this Lease, with the express or implied consent of District, shall be on a month-to-month tenancy only. During such month-to-month tenancy, the Lessee shall pay the District's facility rental rate in effect at the time of the hold over. Lessee shall also continue to pay Additional Rent and all other charges due under this Lease.

36. Surrender and Site Assessment. On the last day of the term of the Lease or sooner termination, with the exception of Lessee's trade fixtures, equipment and other personal property, any and all structures, buildings, parking areas, walkways, drives, landscape areas, and underground installations constructed before or during the Term of the Lease, shall become the property of Lessor. Lessee agrees on the last day of term hereof or sooner termination to surrender to District forthwith the Leased Property in the same or better condition as when received, subject to the provisions of Section 10(c) above, and damage by acts of God or by the elements excepted.

Within thirty (30) days of expiration or sooner termination of this Lease, Lessee shall, at Lessee's sole cost and expense, cause to be conducted a site assessment of the Leased Property to determine that the Leased Property are free of any hazardous material or contamination as compared to the condition of the Leased Property on the Commencement Date. The nature and extent of the site assessment and the selection of the person performing

the site assessment and certification shall be approved by District, whose approval shall not be unreasonably withheld. The Leased Property shall be certified to be free of any hazardous material or contamination therefrom by a person certified by the appropriate governmental agency to conduct such site assessments. Any contamination or environmental damage on the Leased Property or originating on the Leased Property and migrating off the Leased Property which are as a result of Lessee's activities under the Lease shall be remediated by Lessee to meet or exceed the strictest governmental standards, requirements and to District's satisfaction. If, at the expiration or sooner termination of this Lease, different standards or requirements exist for properties with different uses, then Lessee shall remediate any such contamination or environmental damage to the strictest standards and requirements for aviation and/or commercial use. Lessee shall be responsible for all remedial investigation and remediation, including submission and approval of the remediation closure plan. Notwithstanding anything to the contrary herein, Lessee shall not be responsible (a) for remediation of hazardous material or contamination occurring on adjacent property not leased to Lessee and migrating onto the Leased Property, unless Lessee is responsible for the hazardous material or contamination on the adjacent property, or (b) for any conditions existing on the Effective Date of the Lease.

37. Disclaimer of Partnership. The relationship between the parties is one of District and Lessee only. This Lease does not constitute a partnership or joint venture or agency agreement between the parties.

38. Interpretation and Venue. This Lease is to be interpreted in accordance with the laws of the State of California. Any legal action relating to this Lease shall only be brought in the State Courts in the County of Santa Barbara. The parties waive any right of removal to federal court.

39. Lessee's Right of First Negotiation. If, at any time during the Term, District intends to offer to sell the Leased Property or any part thereof or interest therein to a third party (other than any entity controlling, controlled by, or under common control with District), then District shall, prior to any offering of the Leased Property or such part thereof or interest therein for sale, deliver to Lessee written notice of the terms and conditions, upon which District intends to offer the Leased Property or such part thereof or interest therein for sale. Provided that no event of default has occurred and is continuing hereunder, Lessee shall have the right to purchase the Leased Property (or such part thereof or interest therein) on the terms set forth in the notice from District by giving written notice to the District within forty-five (45) days after receiving District's notice, of Lessee's intention to purchase on the terms contained in such notice from District. In the event that Lessee fails to notify District within said forty-five (45) day period of Lessee's election to exercise its right to purchase hereunder, or in the event Lessee notifies District within said period that Lessee will not exercise its right to purchase hereunder, District may proceed to sell the Leased Property (or such part thereof or interest therein) to any third party after the expiration of such forty-five (45) day period, but only on substantially the same terms and conditions as were set forth in the notice from District to Lessee, and any material change in such terms and conditions shall be deemed a new offer and District shall in such event not consummate any sale to a third party without first submitting all of the changed terms and conditions (and not just those which have changed substantially or materially) to Lessee for determination by Lessee in the manner provided above, except that Lessee shall have thirty (30) business days, and not forty-five (45)



days, after receipt of said notice in which to elect to exercise its right to purchase on the basis of the changed terms and conditions. For these purposes, the offer shall be deemed to have been changed substantially or materially only if the purchase price at which the Leased Property (or such portion thereof or interest therein) are offered differs by more than three percent (3%) from the purchase price previously offered. Notwithstanding the above, Lessee understands that any sale of the Leased Property shall be governed by the regulations of the Federal Aviation Administration (“**FAA**”) and such a sale may require FAA approval.

[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Lease.

Dated: April 25, 2019

Approved as to content for  
District:

\_\_\_\_\_  
Chris Hastert, General Manager

Approved as to form for District:

\_\_\_\_\_  
District Counsel

DISTRICT:

SANTA MARIA PUBLIC AIRPORT  
DISTRICT,  
a state agency of the State of California

By: \_\_\_\_\_  
Steve Brown, President

By: \_\_\_\_\_  
Hugh Rafferty, Secretary

LESSEE:

Planes of Fame Air Museum,  
a California Nonprofit Corporation

By: \_\_\_\_\_

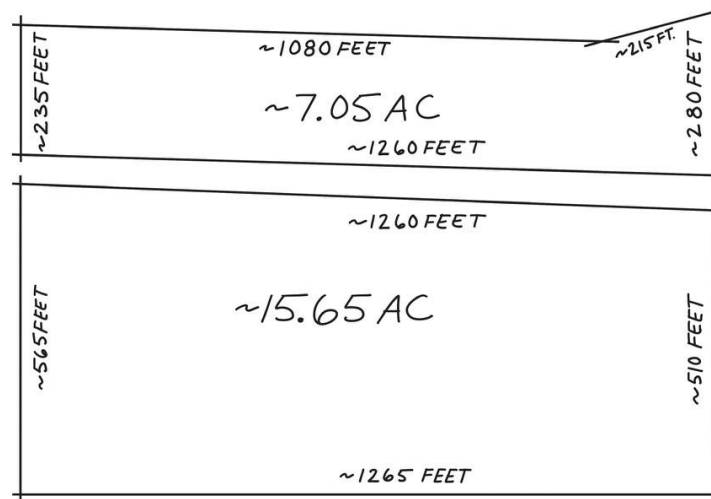
Name: \_\_\_\_\_

Its: \_\_\_\_\_

**Exhibit "A"**

**Depiction of the Property**

**Property Map**



**Property Description: Approximately 22.7 Acres of raw land and pavement, located southeast of the Radisson Hotel along Skyline Dr.**

**Exhibit “B”**

**Legal Description of the Leased Property**

**Exhibit “B1”**

**Depiction of the Leased Property**

**Exhibit “C”**

**SMPAD Long Term Land Lease Policy**

## Exhibit “D”

### **Hazardous Materials Definitions**

#### A. HAZARDOUS MATERIAL

Hazardous Material means any substance:

(I) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

(ii) which is or becomes defined as a “**hazardous waste**”, “**hazardous substance**”, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

(iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or

(iv) the presence of which on the Premises or the Airport causes or threatens to cause a nuisance upon the Premises or the Airport or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises or Airport; or

(v) the presence of which on adjacent properties could constitute a trespass by; or

(vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons;  
or

(vii) without limitation which contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation; or

(viii) without limitation radon gas.

#### B. ENVIRONMENTAL REQUIREMENTS

Environmental Requirements means all applicable present and future statutes, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation:

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of “**Hazardous Materials**”, chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or

handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

2. All requirements pertaining to the protection of the health and safety of employees or the public.

C. ENVIRONMENTAL DAMAGES

Environmental Damages means all claims, judgments, damages, losses, penalties, fines, liabilities, encumbrances, liens, costs, and expenses of investigation and defense of any claims, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time caused by "**Hazardous Materials**" upon, about, beneath the Premises or Airport or migrating or threatening to migrate from the Premises or the Airport, or the existence of a violation of "**Environmental Requirements**" pertaining to the Premises or the Airport as the result of "**Tenant's**" use or occupancy of the Premises or the Airport or as the result of any of "**Tenant's**" (or "**Tenant's**" agents, employees, invitees or officers') actions or omissions, regardless of whether the existence of such "**Hazardous Materials**" or the violation of "**Environmental Requirements**" arose prior to the present ownership or operation of the Premises, and including without limitation:

1. Damages for personal injury, or injury to property or natural resources occurring upon or off of the Premises or the Airport, (foreseeable or unforeseeable), including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;

2. Fees incurred for the services of attorneys, consultants, "**Tenant's**", experts, laboratories and all other costs incurred in connection with the investigation or remediation of such "**Hazardous Materials**" or violation of "**Environmental Requirements**" including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, and including without limitation any attorney's fees, costs and expenses incurred in enforcing this agreement or collecting any sums due hereunder; and

3. Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph 2 herein;

4. Diminution in the value of the Premises or the Airport, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Premises or the Airport.



## **Exhibit "E"**

### **FAA Rider**

#### **LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION**

1. Tenant, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the leased property described in this lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

2. Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the leased property and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that Tenant shall use the leased property in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

3. That in the event of breach of any of the above nondiscrimination covenants, District shall have the right to terminate this lease and to reenter and repossess the leased property and the facilities thereon and hold the same as if this lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

4. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED THAT Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Noncompliance with Provision 4 above shall constitute a material breach thereof and in the event of such noncompliance District shall have the right to terminate this lease and the estate hereby created without liability therefor or at the election of the District or the United States either or both said governments shall have the right to judicially enforce Provision 4 above.

6. Tenant agrees that it shall insert the above five provisions in any lease agreement, contract, license, permit or other instrument by which Tenant grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the leased property.

7. Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or

sex be excluded from participation in any employment activities covered in 14 CFR Part 152, Subpart E. Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Tenant assures that it will require that its covered suborganizations provide assurances to the Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

8. District reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Tenant and without interference or hindrance.

9. District reserves the right, but shall not be obligated to Tenant, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Tenant in this regard.

10. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between District and the United States relative to the development, operation or maintenance of the Airport.

11. Tenant agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased property, or in the event of any planned modification or alterations of any present or future building or structure situated on the leased property.

12. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

13. There is hereby reserved to District, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased property. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Airport.

14. Tenant by accepting this lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the leased property above the mean sea level elevation of 300 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased property and to remove the offending structure of object and cut the offending tree, all of which shall be at the expense of Tenant.

15. Tenant by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased property in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, District reserves the right to enter upon the leased property and cause the abatement of such interference at the expense of Tenant.

16. This lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

GROUND LEASE

Between

SANTA MARIA PUBLIC AIRPORT DISTRICT

And

Cuesta Industrial Properties, LLC  
a California limited liability company

## GROUND LEASE

THIS GROUND LEASE (the “**Lease**”), dated December 9, 2021 (the “**Effective Date**,”) is made and executed by and between SANTA MARIA PUBLIC AIRPORT DISTRICT, a public airport district of the State of California (herein called “**District**”) and Cuesta Industrial Properties, LLC, a California limited liability company (herein called “**Cuesta**” or “**Lessee**”).

### Recitals

A. Lessee desires to develop and construct a commercial facility to store vehicles with associated office space (the “**Project**”) on that portion of APN 111-292-033 more particularly described in attached Exhibit A, and the District desires to lease a portion of APN 111-292-033 to Lessee for purposes of the Project.

B. Lessee further desires to receive from District, and the District desires to grant to Lessee, a right of first refusal/option to purchase (the “**ROFR**”) all or a portion of the APN 111-292-033 (the “**ROFR**”) if said parcel becomes available to purchase by private parties following Surplus Land Act requirements.

C. To develop and construct the Project and the Additional Development, the Leased Property and the ROFR Property may need a parcel split.

NOW, THEREFORE, for and in consideration of the mutual covenants contained in this Lease, and other good and valuable consideration, the parties agree as follows:

### Agreement

1. Leased Property. District hereby leases to Lessee, and Lessee leases from District, for the term and rents, and upon the terms, conditions and covenants contained herein, the real property at the Santa Maria Public Airport (the “**Airport**”), comprising approximately two and four tenths (2.4) acres (the “**Estimated Rentable Area**”) of the Santa Maria Airport, Santa Maria, California, a portion of Assessor’s Parcel Number: 111-292-33, as described in the attached Exhibit A (the “**Leased Property**”) attached hereto and incorporated by this reference, subject to all existing and future easements, rights, encumbrances, rights-of-way, and matters of record.

2. Lease Term. The term of this Lease shall be month to month commencing January 1, 2020 (“**Commencement Date**”)

3. Zoning, Preparation of Plans and Specifications for Improvements, Building Permits, and Construction Schedule

a. Preliminary Plans. Lessee, at its expense, shall submit to the District a complete set of the “**Preliminary Plans**” covering the exterior of all Improvements to be constructed at the Leased Property. The Preliminary Plans shall consist of plans, drawings, specifications, and other information showing in detail the Improvements that will be constructed including, without limitation, the following: (i) definitive exterior drawings and renderings of the buildings; (ii) location

and types of exterior signs; (iii) dimensions for all exterior architectural and exterior design elements; and (iv) exterior landscaping.

The District shall promptly review the Preliminary Plans and shall within 30 days after receipt either approve them or deliver to Lessee the District's specific objections to them together with the District's proposed solution to each objection. If the District fails to notify Lessee of Landlord's disapproval within the required time period, the District shall be deemed to have given its approval. The District shall not unreasonably withhold its approval. If the District objects to all or part of the Preliminary Plans, Lessee shall deliver revised Preliminary Plans to the District within 30 days after receipt of the District's objections. Within 30 days after receipt of the revisions, the District shall review the revised Preliminary Plans and shall notify Lessee in writing of any further revisions, additions, deletions, and information required by the District and the reasons therefor. The procedure set forth in this paragraph will be repeated until such Preliminary Plans are agreed on.

c. Final Plans. Lessee, at its sole cost and expense, shall cause to be prepared final plans and specifications and working drawings ("**Final Plans**") in conformance with the previously approved Preliminary Plans. Lessee's Final Plans shall also include all required shop drawings. Lessee shall deliver the Final Plans to District no later than 120 days from the date of acceptance by District of the Preliminary Plans.

Within 30 days after receipt of the Final Plans, District shall either approve Lessee's Final Plans (which approval will be given if the Final Plans are in substantial conformance with the approved Preliminary Plans), or District shall set forth in writing with particularity any changes District considers necessary to bring the Final Plans into substantial conformance with the Preliminary Plans, in which latter event Lessee shall cause the Final Plans to be changed within 20 days following receipt of District's notification of required changes. If District fails to notify Lessee of District's disapproval of the Final Plans within the required time period, District shall be deemed to have given its approval. Within 20 days after receipt of the revised Final Plans, District shall review the revised Final Plans and either approve or disapprove them. If District fails to notify Lessee of District's disapproval within the required time period, District shall be deemed to have given its approval. The procedure set forth in this paragraph shall be repeated until the Final Plans are agreed on.

When Lessee's Final Plans are approved by the parties, they shall be signed and dated by the parties. The Final Plans shall be deemed to be part of this Lease as if set out in full in the body of this Lease and shall be construed to be the plans and specifications referred to wherever in this Lease reference is made to plans and specifications, unless specifically provided otherwise. Any plans and specifications or subsequent changes to Lessee's Final Plans shall not constitute the Final Plans unless approved in writing by District.

District's approval of the Final Plans shall not be deemed to certify that the Final Plans comply with building codes and other applicable Laws, and shall not relieve Lessee of Lessee's responsibility to verify all job conditions, including, without limitation, dimensions, locations, clearances, and property lines. "**Laws**" includes all statutes, cases, regulations, and ordinances, present and future, and all amendments thereto.

d. Building Permits for the Improvements. As soon as the parties approve the Final Plans, Lessee, at its sole cost and expense, shall promptly apply to the appropriate government agencies for a building permit(s) and any other required permits and authorizations (collectively, "**Building Permits**") for construction of the Improvements pursuant to the Final Plans. Lessee shall diligently pursue the processing of such application(s). If the governmental agency shall reject the Final Plans and thus prevent the issuance of the required Building Permits, Lessee shall promptly make all necessary changes to Lessee's Final Plans required by the government agency, which changes must be approved by District, which approval shall not be unreasonably withheld or delayed. Lessee shall pay for all plan check and permit fees required to obtain the required Building Permits. In the event Lessee has not applied to the appropriate government agencies for the Building Permits within 540 days following the Commencement Date, then at any time thereafter until such time as Lessee has applied for the Building Permits to the District, the District shall have the ability to terminate this Lease, in which case the parties shall be relieved of further obligations hereunder.

e. Construction Schedule. As soon as the Building Permits are issued by the appropriate government agencies, Lessee and the District shall agree on a reasonable construction schedule, including a start and completion date for construction of all the Improvements (the "**Construction Schedule**") Upon receipt of the Building Permits, Lessee shall diligently and continuously proceed to complete construction of the Improvements pursuant to the agreed Construction Schedule

4. Rent. During the term of this Lease, Lessee shall pay rent to District monthly, as set forth below:

a. Rent. Lessee shall pay to District as rent for the Leased Property:

(i) Initial Rent. As Lessee shall be responsible for the cost and labor associated with preparing Property to allow for the construction of Project and the Additional Development both of which shall benefit the District, the initial rent shall be the sum of \$1.00 per month (the "**Initial Rent**"). The Initial Rent shall be payable for the period starting as of the Commencement Date and continuing for three (3) months (the "**Initial Rent Period**").

(ii) Monthly Rent. Rent for the period after the Initial Rent Period shall be \$58,545 annually or \$4,879 per month. Calculated as follows: (Rentable Area x Price per square foot) x Rate of return = Annual Rent. (2.4 acres x 43,560sq. ft. = 104544 sq. ft) \* (\$7) \* 8%) (the "**Fixed Rent**").

(iii) Payment. Rent is payable on or before the first day of each calendar month during the term without prior notice, demand, deduction or offset at District's office at 3217 Terminal Drive, Santa Maria, California 93455 or such other address as District may direct Lessee in writing.

b. Additional Rent. The rent shall be absolutely net to District. Lessee shall pay all costs, fees, taxes, liens, interest, insurance, charges, expenses, assessments, reimbursements, maintenance and obligations of every kind and nature whatsoever relating to

the Leased Property or the improvements to be constructed thereon that may arise or become due during the term, or arising out of the provisions of, this Lease (“**Additional Rent**”). Notwithstanding the foregoing, District agrees to pay the following expenses: (a) any expenses expressly agreed to be paid by District in this Lease; (b) debt service and other payments with respect to any financing obtained by District, as evidenced by any mortgage, deed of trust, assignment of leases and rents, financing statement or other instruments, and secured by the interest of District in the Property; (c) expenses incurred by District to monitor and administer this Lease; (d) expenses incurred by District prior to the Commencement Date; and (e) expenses relating that are personal to the District. Lessee shall indemnify and save District harmless from and against Additional Rent. Should Lessee fail to pay any Additional Rent when due, District shall have all of the rights, powers and remedies provided for in this Lease in the event of nonpayment of rent or other event of default. District shall at all times have the right (at its sole election and without any obligation to do so) to advance on behalf of Lessee any amount payable under the terms hereof by Lessee, or to otherwise satisfy any of Lessee's obligations hereunder deemed necessary to protect the interests of District under this Lease. No advance by District shall operate, as a waiver of any of District's rights under this Lease and Lessee shall remain fully responsible for the performance of its obligations under this Lease. Any sums so paid by District shall constitute Additional Rent and shall be immediately due and payable from Lessee.

5. Construction by Lessee.

a. Conditions to Construction of Improvements. Lessee shall have the right to construct the Improvements on the Leased Property. “**Improvements**” shall mean and include all grading done on the Leased Property as well as all buildings, structures, fixtures, excavation, parking areas, walkways, drives, landscape areas, underground installations and all other improvements of whatsoever character constructed on, around, under or over the Leased Property by Lessee pursuant to this Lease and according to the Final Plans approved by District. All of such Improvements shall be constructed in accordance with the requirements of any and all laws, ordinances, regulations and governmental restrictions applicable thereto, including zoning requirements and building code requirements of the City of Santa Maria and any municipal or other governmental agency having jurisdiction over the Leased Property at the time said Improvements are constructed. Lessee shall have the right and privilege at all times during the term hereof to make such alterations, additions and Improvements to the Leased Property as it finds necessary or convenient for its purposes or to remove structures and Improvements theretofore constructed. Before Lessee begins construction of any Improvements on the Leased Property, Lessee shall have obtained (and delivered insurance certificates therefor to District) all insurance coverage required under Section 16 of this Lease, and shall give District fifteen (15) days prior written notice prior to the commencement of any and all construction at the Leased Property so that appropriate notices of non-responsibility may be posted and recorded by District. If during the term of this Lease the use, or continued use of the Leased Property by Lessee results in or otherwise requires the upgrade, renovation or improvement (collectively “**upgrades**”) of any portion of the Leased Property or the Improvements constructed thereupon, in order to conform with any new or amended governmental regulation, code or similar requirements, including by way of example and not limitation, potentially upgraded Americans With Disabilities Act (ADA) requirements, Lessee shall always be responsible for costs and expenses of such upgrades.

b. Completion of Improvements and Other Work: Compliance with Law and Quality. Lessee covenants that the Improvements to be constructed on the Leased Property, and all other construction thereon, when undertaken, while in progress and as completed, will comply with all laws and ordinances necessary to permit the development, completion and lease of the Leased Property pursuant to this Lease, and will comply in all material respects with the site plan approved by the District and all provisions of this Lease. All work performed on the Leased Property pursuant to this Lease, or authorized by this Lease, shall be done in a good workmanlike manner. The interior architectural design and appearance and the interior Improvements and finish of each of the structures on the Leased Property shall not be subject to the review and approval of District.

c. Mechanic's, Materialman's, Contractor's, or Subcontractor's Liens.

(i) Subject to Lessee's right to contest as hereinafter provided, at all times during the Term of this Lease, Lessee shall keep the Leased Property, including all buildings and Improvements now or hereafter located on the Leased Property, free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Leased Property. Lessee shall (1) promptly pay and discharge, or cause the Leased Property to be released from, any such lien or claim of lien, or, (2) if Lessee decides to contest said lien, furnish District such bond as may be required by law to free the Leased Property from the effect of such a lien and to secure District against payment of such lien, or provide District with other assurances with respect thereto which are satisfactory to District, in its good faith discretion.

(ii) Should Lessee fail to pay and discharge; or cause the Leased Property to be released from any such lien or claim of lien or to provide a bond or other assurance as permitted hereunder within thirty (30) days after service on Lessee by District of a written request to do so, District may pay, adjust, compromise and discharge any such lien or claim of lien on such terms and in such manner as District may deem appropriate. In such event, Lessee shall, following any such payment by District, and after receiving not less than thirty (30) days' written notice and reasonable evidence of payment from District reimburse District for the full amount so paid by District, including any reasonable attorneys' fees or other costs expended by District, together with interest thereon at the legal rate from the date of payment by District to the date of Lessee's reimbursement of District, and such amount shall constitute additional Rent and become a part of Lessee's obligation to pay Rent hereunder.

d. Notice of Non-Responsibility. At least ten (10) days prior to initiation of any improvement, or delivery of any materials to the Leased Property, Lessee shall notify District of same. District shall have the right to post, and/or publish, and record a Notice of Non-responsibility.

e. Permits. Lessee shall procure and comply with all then applicable codes, ordinances, regulations and requirements for permits and approvals, including but not restricted to a grading permit, building permits, zoning, environmental and planning requirements, subdivision and parcel maps, and approvals from various governmental agencies and bodies having jurisdiction.



f. Builder's Risk Insurance. Prior to commencing construction, Lessee shall deliver to District certificate of insurance evidencing coverage for “**builder's risk**” and “**course of construction**” insurance on the Improvements then in place or under way, including coverage against collapse, vandalism and malicious mischief.

g. Soil Conditions. District is not aware of any hazardous materials or contamination therefrom existing on the Leased Property as of the Commencement Date and District has not received notice of any violations of any relevant environmental laws relating to the Leased Property. Except for the foregoing, District makes no covenants or warranties respecting the condition of the soil or subsoil or any other condition of the leased land. Lessee may enter onto the land before the commencement date of the lease term to make surveys and soil and structural engineering tests that Lessee considers necessary. All such surveys and tests made by or on behalf of Lessee shall be at Lessee's sole expense, without liability or expense to District. Copies shall be furnished to District upon request.

h. Diligence. Lessee shall with reasonable diligence prosecute to completion all construction of Improvements, additions or alterations. All work shall be performed in a good and workmanlike manner, shall substantially comply with plans and specifications submitted to District as required by this Lease, and shall comply with all applicable governmental permits, laws, ordinances and regulations.

6. Compliance with Laws. Lessee shall secure and maintain in force during the term of this Lease all licenses and permits necessary or required by law for the conduct of Lessee's operations. Lessee shall abide by and comply with, at Lessee's sole cost and expense, all applicable and valid laws, ordinances, statutes, rules, regulations and orders of federal, state and local governments and governmental agencies, including, but not limited to, any and all regulations concerning hazardous or toxic materials air and/or water quality, fire and/or occupational safety, and accessibility, which may apply to the conduct of Lessee's operations on the Leased Property, at Lessee's sole cost and expense.

Lessee shall observe, obey, abide by and pay all costs of compliance with any and all rules, regulations and operating procedures now in force or hereafter adopted by District with respect to the operation of the Airport.

Lessee agrees and understands that the rules, regulations, and operating procedures of the District shall be subject to change and/or additions from time to time, as determined by District.

7. Operating Standards. Lessee shall, at all times, conduct its operations and maintain the quality of its service in a manner satisfactory to the District. At a minimum, Lessee shall conduct its business in accordance with the following operating standards. Lessee shall:

a. Provide adequate supervision for its operations at the Airport and shall insure that all equipment is in good working order at all times;

b. Require its employees or agents to comply with the provisions of this Lease and these operating standards.

c. Perform all work and services promptly and in a workmanlike, professional and first-class manner in every respect.

d. Provide and keep current in the District's office a list of all employees who will be working at the Airport and their job titles and emergency phone numbers.

f. Have and arrange for any and all inspections of the Leased Property and operations thereon by governmental agencies as are required by law, regulations or ordinances.

8. Uses of the Leased Property.

a. Lessee covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Lessee, that during development and use of the Leased Property pursuant to this Lease, neither the Leased Property nor any portion thereof shall be improved, used or occupied in violation of any laws, statutes, official policies, ordinances, or codes of any governmental entity, agency or political subdivision.

b. Lessee shall have the right to use the Leased Property for any use which is then a legally permitted use of the Leased Property. Lessee hereby acknowledges that neither District nor any of their agents or employees have made any representations to Lessee regarding Lessee's proposed use of the Leased Property or any particular portion thereof. By signing this Lease, Lessee also acknowledges that Lessee has sufficient opportunity to make all relevant inquiry to sources other than the District, their agents or employees, with respect to any proposed use of the Leased Property or any portion thereof. District makes no representation or warranty as to the suitability of the Leased Property for the designated uses.

9. Security. District shall have no obligation to provide additional security that is greater than the normal operations of the Airport or lighting for the Leased Property.

10. Maintenance.

a. Lessee's Duty to Maintain. Lessee shall, at Lessee's sole cost and expense, keep and maintain the Leased Property and all alterations, additions and improvements on the Leased Property in good, safe, sanitary and clean order, condition and repair at all times in accordance with all applicable laws, rules, ordinances, orders and regulations of any governmental agency or body having jurisdiction. Lessee waives all rights to make repairs at the expense of District. Lessee shall keep the Leased Property, at Lessee's expense, clean and free from litter, garbage, refuse and debris at all times. Lessee shall take reasonable measures to protect the Leased Property and airport from infestation of birds, insects, rodents and other pests. Lessee shall maintain all landscaping at all times. Lessee shall comply with all reasonable orders and instructions of District's General Manager in the use of the Leased Property, which the General Manager deems to be in the best interest of the District, the public or users of the Airport, or for their safety and welfare.

If Lessee fails to maintain or make repairs as required herein, District shall have the option, but not the obligation, of making necessary corrections after a reasonable written notice from District of its intent to do so and such failure shall continue for thirty (30) days after delivery of notice from District to Lessee. All costs incurred by District in making said corrections, including but not limited to the cost of labor, materials, equipment and administration, shall be Additional Rent, and Lessee shall pay the same within fifteen (15) days of receipt of a statement of District's costs. District may, at its option, choose other remedies available herein as allowed by law.

Nothing in this section defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove, or replace any improvement, or as limiting provisions relating to condemnation or to damage or destruction during the final years of the lease term. No deprivation, impairment or limitation of use resulting from any event or work contemplated by this section shall entitle Lessee to any offset, abatement, or reduction in rent or to any termination or extension of the leased term.

b. Damage to and Destruction of Improvements. Except as provided below, Lessee shall promptly and diligently repair, restore, and replace as required to maintain in accordance with the immediately preceding paragraph, or to remedy all damage to or destruction of all or any part of the improvements on the Leased Property. The completed work of maintenance, compliance, repair, restoration or replacement shall be equal in value, quality, and use to the condition of the Improvements before the event giving rise to the work, valued as if the improvements had been maintained in accordance with the Lease. District shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Leased Property. District's election to perform any obligation of Lessee under this provision after Lessee's failure or refusal to do so shall not constitute a waiver or any right or remedy for Lessee's default. Lessee shall promptly reimburse, defend and indemnify District against all liability, loss, cost and expense arising from it.

c. Removal. Upon expiration or earlier termination of this Lease, Lessee shall remove its trade fixtures, equipment and other personal property from the Property, but shall not remove any structure, building, parking areas, walkways, drives, landscape areas, or underground installations it constructed before or during the Term of the Lease. Lessee will leave the Property free and clear of any rubble and construction debris.

11. Utilities. District shall have no responsibility to provide water, utility service or extensions of any kind to the Leased Property, and any such water, utility service or extension by Lessee shall be at Lessee's sole cost and expense after consent by District.

12. Nuisance. Lessee shall not commit, or suffer or permit waste, excessive noise, obnoxious odors, excessive dust or any other nuisance on the Leased Property constituting an unreasonable interference with other District Lessees or persons using the Airport.

13. Taxes, Licenses. Lessee shall pay before delinquency any and all taxes, (including real property and possessory interest taxes, assessments, fees or charges) which may be imposed, levied or assessed upon any leasehold or possessory interests of Lessee, or Lessee's

occupancy of the Leased Property, and personal property, structures, improvements or fixtures owned, controlled or installed by Lessee. Lessee acknowledges that by entering into this Lease, a possessory interest, subject to taxation, may be created. Lessee agrees to pay all such taxes. Lessee shall also secure and maintain in force during the term of this Lease all licenses and permits necessary or required by law for the conduct of Lessee's operations.

Lessee shall also promptly pay any taxes, licenses and fees which may, during the term, be levied or assessed on personal property or business property of Lessee located on said Leased Property or arising out of Lessee's storage or use of aviation fuels on the Leased Property or use or operation of the fuel facility. Lessee shall be solely responsible for the payment of any and all fees for petroleum products placed in the tanks at the Leased Property during the term of this Lease, including, but not limited to, any fees payable by an owner of an above-ground storage tank. Time is of the essence with regard to compliance with the terms of this paragraph, and failure to comply shall constitute a material breach of this Lease by Lessee.

14. Assumption of Risks/Acceptance of Property Condition. Lessee represents that Lessee has inspected the Leased Property and accepts the condition of the Leased Property and fully assumes all risks incidental to the use of the Leased Property. Except as expressly provided herein, District shall not be liable to Lessee's agents, employees, visitors, guests or invitees from any cause or condition whatsoever. District makes no warranty of the suitability of the Leased Property for the purpose contemplated by Lessee by entry hereunder or that the Leased Property are zoned for the uses permitted herein.

By entry hereunder and except as otherwise provided herein, Lessee accepts the Leased Property in its present condition and agrees on the last day of the term or sooner termination to immediately surrender to District the Leased Property in the same or better condition as when received, damage by acts of God or by the elements excepted, subject to the provisions of Section 5.

15. Indemnity. Lessee shall investigate, protect, defend (with counsel acceptable to District) indemnify and hold harmless District, its directors, officers, employees, agents and representatives, and the Leased Property (collectively "**District**") at all times from and against any and all liability, proceedings, liens, actions, penalties, liabilities, losses, expenses, claims or demands of any nature, including costs and expenses for legal services and causes of action of whatever character which District may incur, sustain or be subjected to (collectively "**Liability or Loss**") arising out of or in any way connected with: the acts or omissions of Lessee or its officers, agents, employees, guests, customers, licensees or invitees; or Lessee's operations on, or use or occupancy of, the Leased Property or the Santa Maria Public Airport. The foregoing indemnification excludes only liability, damages or loss caused by the sole active negligence of District or its willful misconduct. Lessee shall also indemnify and hold District harmless from and against any Liability or Loss, including third party claims, environmental requirements and environmental damages (as defined in Exhibit D, Hazardous Material Definitions) costs of investigation and cleanup, penalties, fines, and losses (including, without limitation, diminution in property value of the Leased Property or the improvements thereon or District's property or improvements in the vicinity of the Leased Property) of whatever kind or nature, which result from or are in any way connected with the release,

receipt, handling, use, storage, accumulation, transportation, generation, discharge, or disposal (“**release, etc.**”) of any toxic or hazardous materials (defined in Exhibit D) which occurs in, on or about the Leased Property as the result of any of Lessee's or Lessee's agents, employees, invitees, licensees, guests, or Lessee's activities on the Leased Property. Lessee shall notify District immediately of any “**release, etc.**” of any toxic or hazardous material on the Leased Property.

16. Insurance. Lessee shall secure and maintain, without cost to District, in full force and effect at all times during the term of this Lease, the following types and amounts of insurance:

a. General commercial liability insurance, including comprehensive general public liability, bodily injury liability, property damage liability, completed operations and products liability coverage and contractual liability with a combined single limit of liability of at least Two Million Dollars (\$2,000,000.00) for each accident or occurrence and with no more than a Three Thousand Dollars (\$3,000.00) deductible for each accident or occurrence.

b. Fire and extended coverage insurance, insuring District and Lessee, all Improvements located on or appurtenances to the Leased Property, against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial buildings and improvements, including vandalism and malicious mischief. The amount of the insurance shall be sufficient to prevent either District or Lessee from becoming a coinsurer under the provisions of the policies, but in no event shall the amount be less than [ninety percent (90%)] of the then actual replacement cost.

c. Workers' compensation insurance covering Lessee's employees, as required by law.

d. Automobile and mobile equipment liability insurance covering all vehicles and mobile equipment used by Lessee on the Leased Property providing bodily injury or death liability limits of not less than Three Hundred Thousand Dollars (\$300,000.00) for each person and Five Hundred Thousand Dollars (\$500,000.00) for each occurrence, and property damage liability with a single limit liability of not less than One Hundred Thousand Dollars (\$100,000.00) for each accident or occurrence.

The proceeds of these policies shall be deemed to be held in trust by the recipient for the repair, restoration or reconstruction of any improvements damaged or destroyed by the casualty giving rise to the insurance claim. If the proceeds exceed that measure, the balance of the proceeds shall be paid to Lessee.

District shall be named as an additional insured in each policy required herein without offset to any insurance policies of the District. All policies shall be issued by companies licensed to do business in California and having a Best's rating of “A”. Lessee shall provide District with copies of all insurance certificates issued by the insurer, including in each instance an endorsement or certificate providing that such insurance shall not be canceled, or coverage reduced except after thirty (30) days' written notice to District and an endorsement insuring the contractual liability assumed by Lessee in the Indemnity paragraph of this Lease. The coverage,

form and liability limits of all insurance may be increased at the option of District's Board of Directors after giving Lessee at least ninety (90) days' prior written notice.

All insurance policies shall contain language, to the extent obtainable, to the effect that (1) any loss shall be payable notwithstanding any act or negligence of District that might otherwise result in a forfeiture of the insurance, (2) the insurer waives the right of subrogation against District and against District's agents and representatives, and (3) the policies are primary and noncontributing with any insurance that may be carried by District. Not more often than every ten (10) years, the District may request that the minimum policy amounts be increased to reflect changed conditions, including, but not limited to, inflation or additional matters of liability.

Notwithstanding the foregoing, the insurance requirements of Section 16 shall be waived during the entitlement process. All insurance requirements, however, shall be in the full force and effect prior to the commencement of any physical alterations or construction to the Property.

17. Use of Hazardous Material. Lessee may not make any application of any pesticide, herbicide, rodenticide, fungicide or potentially hazardous material except under the direct supervision of a certified pest control operator, pest control applicator, or qualified applicator, whichever is appropriate to the material being applied and the process used to apply it. No hazardous material may be used on the Leased Property except by a person who is able to read and understand attached labels and precautions.

18. Federal Aviation Administration Rider Attached. The provisions of the FAA Rider attached hereto as Exhibit E, consisting of four pages, are incorporated herein and made a part hereof.

19. Right of Entry. District and authorized agents of District, County of Santa Barbara and City of Santa Maria, utility companies, and any public agencies having jurisdiction over the Leased Property or Lessee's operations shall have the right to enter the Leased Property upon reasonable prior notice to Lessee or by mutual agreement, for the purpose of inspecting the same, or to make repairs or for any reasonable purpose, and at any time in case of any emergency.

20. Development Costs. Lessee shall bear all costs and expenses of development of the Leased Property, including, but not limited to, on-site improvements, removal of concrete and other pavement on the Leased Property, permits, fees, applications, environmental and plan review. The District will fully cooperate and support Lessee in its discussions, interactions, and applications with the City of Santa Maria and all other applicable agencies to accomplish the development of the Property and the approval and completion of the Project.

21. Remedies on Default. In addition to any other remedy District may have under this Lease or by operation of law or in equity, District shall have the right, in the event of Lessee's nonpayment of rent required under this Lease or in the event of default of any of the terms or conditions of this Lease, subject to prior notice of default and right to cure, or if Lessee shall abandon or vacate the Leased Property, to do the following, cumulatively or in the alternative:

a. Re-entry After Termination. To terminate this Lease upon written notice to Lessee and re-enter the Leased Property and eject some or all persons, or none, and remove all property, other than District's property, from the Leased Property or any part of the Leased Property. Any property removed from the Leased Property upon re-entry by District under this paragraph may be stored in a public warehouse or elsewhere at the cost of and for the account of Lessee, and District shall have no liability therefore.

b. Re-entry Without Termination. Without terminating this Lease, District may re-enter the Leased Property at any time and from time to time re-let the Leased Property and the improvements thereon or any part or parts of them for the account of and in the name of Lessee or otherwise. District may at District's election eject some or all persons or none. In the event of re-letting, District shall be entitled to all rents from the use, operation or occupancy of the Leased Property or the improvements thereon, or both. Lessee hereby appoints District its attorney-in-fact for the purpose of such leasing. Lessee shall nevertheless pay to District on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus District's expenses, including but not limited to remodeling expenses, commissions and advertising costs, less the avails of any re-letting or attornment. No act by or on behalf of District under this provision shall constitute a termination of this Lease unless and until District gives Lessee written notice of termination.

c. Termination After Re-letting. Even though District may have re-let the Leased Property, District may thereafter elect to terminate this Lease and all of Lessee's rights in or to the Leased Property.

d. Lessee's Personal Property. After entry or taking possession of the Leased Property, District may, at District's election, use Lessee's personal property and trade fixtures or any of such property or fixtures without compensation or store them for the account of and at the cost and risk of Lessee or owners thereof. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item or for the same item at a later time.

e. Assignment of Subrents. Lessee assigns to District all subrents and other sums falling due from sublessees, licensees and concessionaires up to the amounts due District under this Lease (herein called "**sublessees**") during any period in which District has the right under this Lease, whether exercised or not, to re-enter the Leased Property for Lessee default, and Lessee shall not have any right to such sums during the period. District may, at District's election, re-enter the Leased Property and improvements with or without process of law without terminating this Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors.

f. Termination and Remedy in Damages. No waiver by District of a default by Lessee of any of the terms, covenants, conditions or provisions hereof to be kept, observed or performed shall be construed to be a waiver by District of any subsequent default. If Lessee breaches this Lease and abandons the property before the end of the term, or if its right to possession is terminated by District because of Lessee's breach of this Lease, this Lease terminates. On such termination, District may elect to recover the following damages from Lessee:

(i) The worth at the time of award of the unpaid rent, which had been earned at the time of termination;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Lessee proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for such period that Lessee proves could be reasonably avoided; and

(iv) Any other amount necessary to compensate District for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom; and

(v) At District's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California.

The “**worth at the time of award**” of the amounts referred to in subparagraphs (i) and (ii) above is computed by allowing interest at the maximum legal interest rate. The worth at the time of award of the amount referred to in subparagraph (iii) above is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

22. Assignment, Subletting and Encumbering.

a. Lessee shall not assign, transfer, mortgage, encumber or grant control of this Lease or any interest, right or privilege herein or sublet the whole of the Leased Property without the prior written approval of District, which approval shall not be unreasonably withheld, conditioned or delayed. District reserves the right to refuse to approve any assignment, transfer, mortgage, encumbrance or sublease where the proposed use of the Leased Property is inconsistent with FAA or District policies or results in substantial additional risk to District. Any such assignment, mortgage, encumbrance, transfer or sublease without the prior written approval of District shall be void and, at the option of District, shall terminate this Lease. Any sale or transfer of at least fifty percent (50%) of the value of the assets of Lessee shall be deemed an assignment of Lessee's interest in this Lease. Approval shall not be given to any assignment unless all of the following conditions are satisfied:

i. Lessee is not in default under the provisions or conditions of this Lease on the effective date of the assignment, mortgage, encumbrance, transfer or sublease or concession;

ii. All Improvements have been completed;

iii. District shall be given written notice at least sixty (60) days prior to the effective date of any such assignment, etc. of the intention to assign Lessee's interests



herein and the name of the intended assignee, such notice being referred to as “**Notice of Intended Assignment**”.

iv. Any assignee, mortgagee, transferee or sublessee must be, at the time of assignment, either an individual who is a resident of California or maintains an agent for service of process in the State of California, or a partnership or corporation or other entity either formed under the laws of California or qualified to do business in California, and having a resident agent for service of process.

v. The assignee, transferee or sublessee shall expressly assume in writing, signatures acknowledged, all of the covenants and conditions of this Lease on the part of Lessee to be observed and performed, in a form acceptable to District.

vi. Lessee may use its leasehold interest as security for any loans to the extent such use is permitted under this Lease. Lessor shall not be required to subject its fee estate and interest in the Property to the lien of any leasehold financing or mortgage sought or obtained by Lessee. Notwithstanding the above, any mortgage, deed of trust or other assignment of this Lease to any Leasehold Lender as collateral security (defined below) will not be deemed a transfer or assignment.

b. Rights of Leasehold Lender.

i. Any lender providing financing to Lessee for Improvements to the Leased Property, shall be defined as a “**Leasehold Lender.**” If Lessee grants a leasehold mortgage or leasehold deed of trust (in either case, referred to herein, as a “**Leasehold Mortgage**”) to one or more Leasehold Lender, and written notice is given to the District to supply the District with such Leasehold Lender’s notice address (a “**Leasehold Financing Notice**”), then the District shall give notice of any Lessee default to each and any such Leasehold Lender, at the same time and in the same manner as any such notice is given to Lessee, and no such notice of default by the District shall be deemed to have been duly given to Lessee unless and until a copy thereof shall have been given to any such Leasehold Lender. Upon its receipt of any such default notice, any such Leasehold Lender shall have the right to perform or otherwise cure any such default on the part of Lessee, and the District shall accept performance by a Leasehold Lender of any covenant, condition or agreement on Lessee’s part to be performed hereunder with the same force and effect as though performed by Lessee, so long as such performance is made in accordance with the terms and provisions of this Lease and completed (i) in the case of any default in the payment of Monthly Rent or Additional Rent, within thirty (30) days following the last date provided for under the Lease for the Lessee to remedy or otherwise cure such default; or (ii) in the case of any other default not described in the immediately preceding clause (i), within thirty (30) days following the last date provided for under the Lease for the Lessee to remedy or otherwise cure such default.

ii. Notwithstanding the provisions of Section 23(b)(i) hereof, no default by Lessee shall be deemed to exist (1) as long as a Leasehold Lender, in good faith, shall have commenced or caused to be commenced to cure promptly the default and continuously prosecutes or causes to be prosecuted the same to completion with reasonable diligence and continuity, subject to force majeure, which for the purposes of this Section 23(b) shall include causes beyond

the control of Lessee; or (2) if possession of the Leased Property or any part thereof is required in order to cure the default, Leasehold Lender shall have notified the District of its intention to institute foreclosure proceedings to obtain possession directly or through a receiver, and thereafter within thirty (30) days after the giving of such notice commences such foreclosure proceedings, prosecutes such proceedings with reasonable diligence and continuity (subject to force majeure) and, upon obtaining such possession, commences promptly to cure the default and prosecutes the same to completion with reasonable diligence and continuity (subject to force majeure); provided that the Leasehold Lender shall have delivered to the District, in writing, its agreement to take the action described in clause (1) or (2) herein and shall have assumed the obligation to cure the default (herein an “**Assumption Notice**”), and that during the period in which such action is being taken (and any foreclosure proceedings are pending), all of the other obligations of Lessee under this Lease are being duly performed (including, without limitation, payment of all Monthly Rent and Additional Rent due hereunder) within any applicable notice, grace or cure periods. Notwithstanding anything herein to the contrary, a Leasehold Lender shall have no obligation to cure any default of Lessee’s under Section 20(a) of this Lease, and if such Leasehold Lender delivers an Assumption Notice, any default on the part of Lessee under Section 20(a) will not affect or otherwise diminish or impair the rights of Leasehold Lender under this Lease.

iii. At any time after the delivery of any such Assumption Notice, the Leasehold Lender may notify the District, in writing, that it has relinquished possession of the Leased Property or that it will not institute foreclosure proceedings or, if such proceedings have been commenced, that it has discontinued them (in any case, a “**Rejection Notice**”), and, in such event, the Leasehold Lender shall have no further liability under such Assumption Notice from and after the date it delivers such Rejection Notice to the District (except for any obligations assumed by the Leasehold Lender and accruing prior to the date it delivers such Rejection Notice), and, thereupon, the District shall have the unrestricted right to terminate this Lease, subject to all of the other terms and conditions contained herein, and to take any other action it deems appropriate by reason of any default by Lessee, and upon any such termination the provisions of Section 22(b)(vi) shall apply.

iv. From and after the date upon which the District receives a Leasehold Financing Notice, it shall not modify or amend this Lease in any material respect or cancel or terminate this Lease other than as provided herein without the prior written consent of the Leasehold Lender(s) which gave such Leasehold Financing Notice.

v. Except as provided in Section 22(b)(ii), no Leasehold Lender shall become liable under the provisions of this Lease unless and until such time as it becomes the owner of the leasehold estate created hereby.

vi. In case of termination of this Lease by reason of any default or for any other reason, the District shall give prompt notice thereof to each Leasehold Lender identified in any Leasehold Financing Notice. The District, on written request of such Leasehold Lender made any time within thirty (30) days after the giving of such notice by the District, shall execute and deliver a new lease of the Leased Property to the Leasehold Lender, or its designee or nominee, for the remainder of the Term, upon all the covenants, conditions, limitations and agreements herein contained; provided that the Leasehold Lender shall pay to the District, simultaneously

with the delivery of such new lease, all unpaid Monthly Rent and Additional Rent due under this Lease up to and including the date of the commencement of the term of such new lease.

vii. Any such new lease contemplated under Section 22(b)(vi) and the leasehold estate thereby created, subject to the same conditions contained in this Lease, shall continue to maintain the same priority as this Lease with regard to any other lien or encumbrance whether or not the same shall then be in existence.

viii. Upon the execution and delivery of a new lease under Section 23(b)(vi) any sublease which theretofore may have been assigned to the District thereupon shall be assigned and transferred, without recourse, by the District to the lessee named in such new lease. Between the date of termination of this Lease and the date of execution and delivery of the new lease, if a Leasehold Lender shall have requested such new lease as provided in Section 23(b)(vi) the District shall not enter into any new sublease, cancel or modify any then-existing sublease or accept any cancellation, termination or surrender thereof (unless such termination shall be effected as a matter of law on the termination of this Lease) without the written consent of the Leasehold Lender.

ix. If there is more than one Leasehold Mortgage, the District shall recognize only the Leasehold Lender whose Leasehold Mortgage is senior in lien as the Leasehold Lender entitled to the rights afforded hereunder.

23. Notices. All notices required herein shall be in writing and may be given by personal delivery or by registered or certified mail, postage prepaid, and addressed to District at 3217 Terminal Drive, Santa Maria, California 93455, and to Lessee at P.O Box 1945, Santa Maria California 93456. Either party may at any time change its address for such notice by giving written notice of such change to the other party. Any notice provided for herein shall be deemed delivered upon being deposited as aforesaid at any United States Post Office or branch or substation or in any United States mailbox, or at time of personal delivery.

24. Attorneys' Fees. In the event either party commences any legal action or proceeding against the other party arising out of or in any way related to this Lease, the party prevailing in such action shall be entitled to recover court costs and a reasonable attorney's fee to be fixed by the court (including the reasonable value of services rendered in such action by District's appointed District Counsel).

25. Quitclaim. At the expiration or earlier termination of this Lease, Lessee shall execute, acknowledge and deliver to District within thirty (30) days after written demand from District to Lessee any quitclaim deed or other document required by any reputable title company to remove the cloud of this Lease from the real property subject to this Lease.

26. Covenants and Conditions. Each term and each provision of this Lease performable by Lessee shall be construed to be both a covenant and a condition.

27. Time of Essence. Time is of the essence of each term, condition and provision of this Lease agreement.

28. Waiver. One or more waivers by District of any covenant or condition shall not be construed as a waiver of a subsequent breach of the same or any other covenant or condition. District's consent to or approval of any act by Lessee requiring District's consent or approval shall not be deemed to waive or render unnecessary District's consent to or approval of any subsequent or similar act by Lessee. No act or thing done by District or District's employees or agents shall be deemed an acceptance of a surrender of the Leased Property, and no agreement to accept such surrender shall be valid unless in writing signed by District. No provision of this agreement shall be deemed to have been waived by District unless such waiver be in writing signed by District.

29. Subordinate to Specified Matters. This Lease and Lessee's rights hereunder are subject and subordinate to all conditions, reservations, restrictions, easements, rights, rights-of-way, and encumbrances affecting the Leased Property now of record or hereafter granted, caused or suffered by District.

30. Captions. Captions appearing herein are for convenience of reference only and shall not govern the construction of this agreement.

31. Invalidity. If any provision of this Lease shall be held by a court of competent jurisdiction to be invalid, the remainder of this Lease shall continue in full force and effect and shall in no way be affected or invalidated thereby.

32. Integration. This Lease contains all of the agreements and conditions made between the parties and may not be modified orally or in any other manner than by an agreement in writing signed by the parties to this Lease.

33. Binding Effect. This Lease shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns.

34. Surrender and Site Assessment. Upon termination, with the exception of Lessee's trade fixtures, equipment and other personal property, any and all structures, buildings, parking areas, walkways, drives, landscape areas, and underground installations constructed before or during the Term of the Lease, shall become the property of Lessor. Lessee agrees on the last day of term hereof or sooner termination to surrender to District forthwith the Leased Property in the same or better condition as when received, subject to the provisions of Section 10(c) above, and damage by acts of God or by the elements excepted.

Within thirty (30) days of the termination of this Lease, Lessee shall, at Lessee's sole cost and expense, cause to be conducted a site assessment of the Leased Property to determine that the Leased Property are free of any hazardous material or contamination as compared to the condition of the Leased Property on the Commencement Date. The nature and extent of the site assessment and the selection of the person performing the site assessment and certification shall be approved by District, whose approval shall not be unreasonably withheld. The Leased Property shall be certified to be free of any hazardous material or contamination therefrom by a person certified by the appropriate governmental agency to conduct such site

assessments. Any contamination or environmental damage on the Leased Property or originating on the Leased Property and migrating off the Leased Property which are as a result of Lessee's activities under the Lease shall be remediated by Lessee to meet or exceed the strictest governmental standards, requirements and to District's satisfaction. If, at the expiration or sooner termination of this Lease, different standards or requirements exist for properties with different uses, then Lessee shall remediate any such contamination or environmental damage to the strictest standards and requirements for aviation and/or commercial use. Lessee shall be responsible for all remedial investigation and remediation, including submission and approval of the remediation closure plan. Notwithstanding anything to the contrary herein, Lessee shall not be responsible (a) for remediation of hazardous material or contamination occurring on adjacent property not leased to Lessee and migrating onto the Leased Property, unless Lessee is responsible for the hazardous material or contamination on the adjacent property, or (b) for any conditions existing on the Commencement Date of the Lease.

35. Disclaimer of Partnership. The relationship between the parties is one of District and Lessee only. This Lease does not constitute a partnership or joint venture or agency agreement between the parties.

36. Interpretation and Venue. This Lease is to be interpreted in accordance with the laws of the State of California. Any legal action relating to this Lease shall be brought in the court of appropriate jurisdiction in the County of Santa Barbara, State of California.

37. Dual Agency. Lessor and Lessee have been represented in this transaction exclusively by Tom Ross of Ross Realty (the "**Broker**") creating a dual agency. Lessor and Lessee shall each pay to Broker, the fee agreed to, if any, in a separate written agreement.

38. Lessee's Right of First Negotiation. If, at any time during the Term, District intends to offer to sell the Leased Property or any part thereof or interest therein to a third party (other than any entity controlling, controlled by, or under common control with District), then District shall, prior to any offering of the Leased Property or such part thereof or interest therein for sale, deliver to Lessee written notice of the terms and conditions, upon which District intends to offer the Leased Property or such part thereof or interest therein for sale. Provided that no event of default has occurred and is continuing hereunder, Lessee shall have the right to purchase the Leased Property (or such part thereof or interest therein) on the terms set forth in the notice from District by giving written notice to the District within forty-five (45) days after receiving District's notice, of Lessee's intention to purchase on the terms contained in such notice from District. In the event that Lessee fails to notify District within said forty-five (45) day period of Lessee's election to exercise its right to purchase hereunder, or in the event Lessee notifies District within said period that Lessee will not exercise its right to purchase hereunder, District may proceed to sell the Leased Property (or such part thereof or interest therein) to any third party after the expiration of such forty-five (45) day period, but only on substantially the same terms and conditions as were set forth in the notice from District to Lessee, and any material change in such terms and conditions shall be deemed a new offer and District shall in such event not consummate any sale to a third party without first submitting all of the changed terms and conditions (and not just those which have changed substantially or materially) to Lessee for determination by Lessee in the manner provided above, except that Lessee shall have thirty (30) business days, and not forty-five (45)

days, after receipt of said notice in which to elect to exercise its right to purchase on the basis of the changed terms and conditions. For these purposes, the offer shall be deemed to have been changed substantially or materially only if the purchase price at which the Leased Property (or such portion thereof or interest therein) are offered differs by more than three percent (3%) from the purchase price previously offered. Notwithstanding the above, Lessee understands that any sale of the Leased Property shall be governed by the regulations of the Federal Aviation Administration (“**FAA**”) and such a sale may require FAA approval.

[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, the parties have duly executed this Lease.

Dated: December 9, 2021

Approved as to content for  
District:

\_\_\_\_\_  
Chris Hastert, General Manager

Approved as to form for District:

\_\_\_\_\_  
District Counsel

DISTRICT:

SANTA MARIA PUBLIC AIRPORT  
DISTRICT,  
a state agency of the State of California

By: \_\_\_\_\_  
Steve Brown, President

By: \_\_\_\_\_  
Hugh Rafferty, Secretary

LESSEE:

Cuesta Industrial Properties, LLC,  
a California limited liability company

By: \_\_\_\_\_

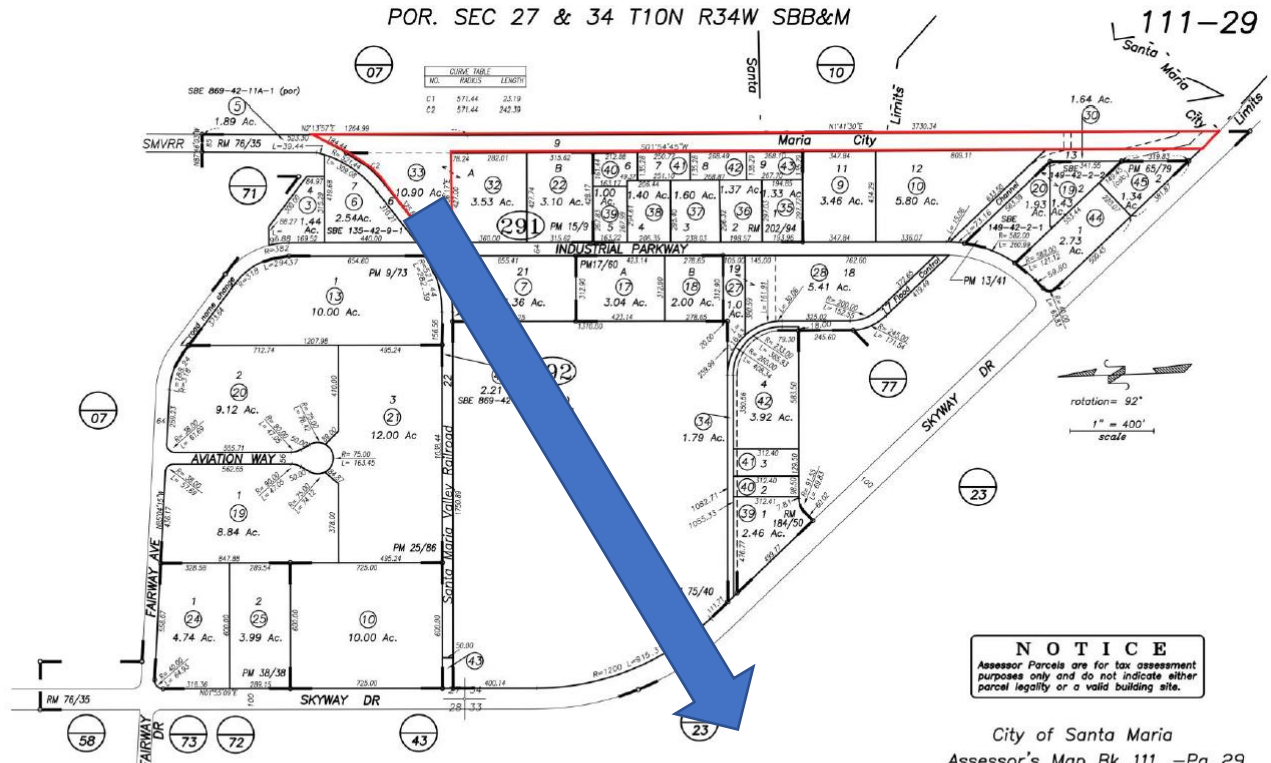
Name: \_\_\_\_\_

Its: \_\_\_\_\_

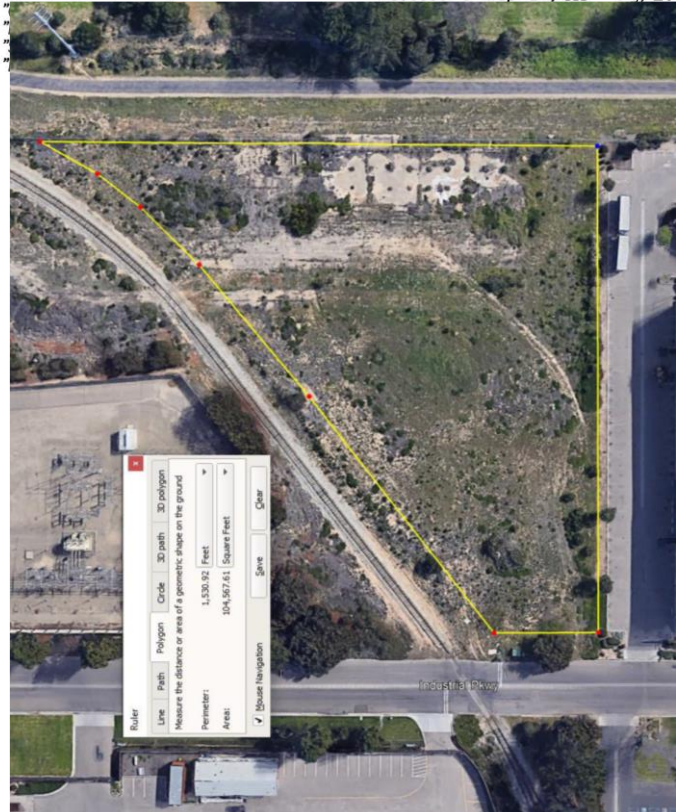
# Exhibit "A"

## Depiction of the Property

2.4 Acres



04/26/2007 R.M. Bk. 202, Pg. 94-97, Tract 5,855  
06/14/1999 R.M. Bk. 184, Pg. 50-52, Tract 5,641  
05/17/1968 R.M. Bk. 76, Pg. 35-42, Tract 5,011  
02/14/1967 R.M. Bk. 75, Pg. 40-41, Tract 5,003





## **Exhibit “B”**

### **Hazardous Materials Definitions**

#### **A. HAZARDOUS MATERIAL**

Hazardous Material means any substance:

(I) the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

(ii) which is or becomes defined as a “**hazardous waste**”, “**hazardous substance**”, pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); or

(iii) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or

(iv) the presence of which on the Premises or the Airport causes or threatens to cause a nuisance upon the Premises or the Airport or to adjacent properties or poses or threatens to pose a hazard to the health or safety of persons on or about the Premises or Airport; or

(v) the presence of which on adjacent properties could constitute a trespass by; or

(vi) without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons;  
or

(vii) without limitation which contains polychlorinated biphenyls (PCBs), asbestos or urea formaldehyde foam insulation; or

(viii) without limitation radon gas.

#### **B. ENVIRONMENTAL REQUIREMENTS**

Environmental Requirements means all applicable present and future statutes, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation:

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of “**Hazardous Materials**”, chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or

handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

2. All requirements pertaining to the protection of the health and safety of employees or the public.

C. ENVIRONMENTAL DAMAGES

Environmental Damages means all claims, judgments, damages, losses, penalties, fines, liabilities, encumbrances, liens, costs, and expenses of investigation and defense of any claims, whether or not such claim is ultimately defeated, and of any good faith settlement of judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' fees and disbursements and consultants' fees, any of which are incurred at any time caused by "**Hazardous Materials**" upon, about, beneath the Premises or Airport or migrating or threatening to migrate from the Premises or the Airport, or the existence of a violation of "**Environmental Requirements**" pertaining to the Premises or the Airport as the result of "**Tenant's**" use or occupancy of the Premises or the Airport or as the result of any of "**Tenant's**" (or "**Tenant's**" agents, employees, invitees or officers') actions or omissions, regardless of whether the existence of such "**Hazardous Materials**" or the violation of "**Environmental Requirements**" arose prior to the present ownership or operation of the Premises, and including without limitation:

1. Damages for personal injury, or injury to property or natural resources occurring upon or off of the Premises or the Airport, (foreseeable or unforeseeable), including, without limitation, lost profits, consequential damages, the cost of demolition and rebuilding of any improvements on real property, interest and penalties;

2. Fees incurred for the services of attorneys, consultants, "**Tenant's**", experts, laboratories and all other costs incurred in connection with the investigation or remediation of such "**Hazardous Materials**" or violation of "**Environmental Requirements**" including, but not limited to, the preparation of any feasibility studies or reports or the performance of any cleanup, remediation, removal, response, abatement, containment, closure, restoration or monitoring work required by any federal, state or local governmental agency or political subdivision, and including without limitation any attorney's fees, costs and expenses incurred in enforcing this agreement or collecting any sums due hereunder; and

3. Liability to any third person or governmental agency to indemnify such person or agency for costs expended in connection with the items referenced in subparagraph 2 herein;

4. Diminution in the value of the Premises or the Airport, and damages for the loss of business and restriction on the use of or adverse impact on the marketing of rentable or usable space or of any amenity of the Premises or the Airport.

## **Exhibit "C"**

### **FAA Rider**

#### **LEASE PROVISIONS REQUIRED BY FEDERAL AVIATION ADMINISTRATION**

1. Tenant, for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the leased property described in this lease for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

2. Tenant for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under the leased property and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that Tenant shall use the leased property in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

3. That in the event of breach of any of the above nondiscrimination covenants, District shall have the right to terminate this lease and to reenter and repossess the leased property and the facilities thereon and hold the same as if this lease had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

4. Tenant shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED THAT Tenant may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Noncompliance with Provision 4 above shall constitute a material breach thereof and in the event of such noncompliance District shall have the right to terminate this lease and the estate hereby created without liability therefor or at the election of the District or the United States either or both said governments shall have the right to judicially enforce Provision 4 above.

6. Tenant agrees that it shall insert the above five provisions in any lease agreement, contract, license, permit or other instrument by which Tenant grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the leased property.

7. Tenant assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or

sex be excluded from participation in any employment activities covered in 14 CFR Part 152, Subpart E. Tenant assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. Tenant assures that it will require that its covered suborganizations provide assurances to the Tenant that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

8. District reserves the right to further develop or improve the landing area of the Airport as it sees fit, regardless of the desires or view of the Tenant and without interference or hindrance.

9. District reserves the right, but shall not be obligated to Tenant, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of the Tenant in this regard.

10. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between District and the United States relative to the development, operation or maintenance of the Airport.

11. Tenant agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased property, or in the event of any planned modification or alterations of any present or future building or structure situated on the leased property.

12. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

13. There is hereby reserved to District, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased property. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Airport.

14. Tenant by accepting this lease expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object nor permit the growth of any tree on the leased property above the mean sea level elevation of 300 feet. In the event the aforesaid covenants are breached, District reserves the right to enter upon the leased property and to remove the offending structure of object and cut the offending tree, all of which shall be at the expense of Tenant.

15. Tenant by accepting this lease agrees for itself, its successors and assigns that it will not make use of the leased property in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, District reserves the right to enter upon the leased property and cause the abatement of such interference at the expense of Tenant.

16. This lease and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation and taking over of said Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.



December 9, 2021

Board of Directors  
Santa Maria Public Airport District  
3217 Terminal Drive  
Santa Maria, CA 93455

**Subject:** Authorization for two staff members to attend the TYMCO service school to be held February 22<sup>nd</sup> – 23<sup>rd</sup>, 2022, in Waco, TX.

**Summary**

This training provides a valuable skill set to the Maintenance Department.

**Budget**

		Attendees	Days	Rate	Total
Fees:	Registration	2		\$0.00	\$0.00
	Airfare	2		\$811.00	\$1,622.00
	Transportation			\$75.00	\$75.00
	Lodging	2	4	\$110.00	\$880.00
	Meals	2	4	\$60.00	\$480.00
	<b>Total:</b>				\$3,057.00

**Overall Impact:**

2021-2022 Budget for Business Travel	\$83,660.00
Previously Approved Business Travel	\$56,984.01
Current Balance for Business Travel	\$26,675.99
Amount of this Request	\$3,057.00
Balance Remaining if Approved	\$23,618.99

**Recommendation**

Staff recommends attending this training to improve the knowledge of the maintenance staff.

Please let me know if you have any questions.

Sincerely,

Chris Hastert, CM  
General Manager